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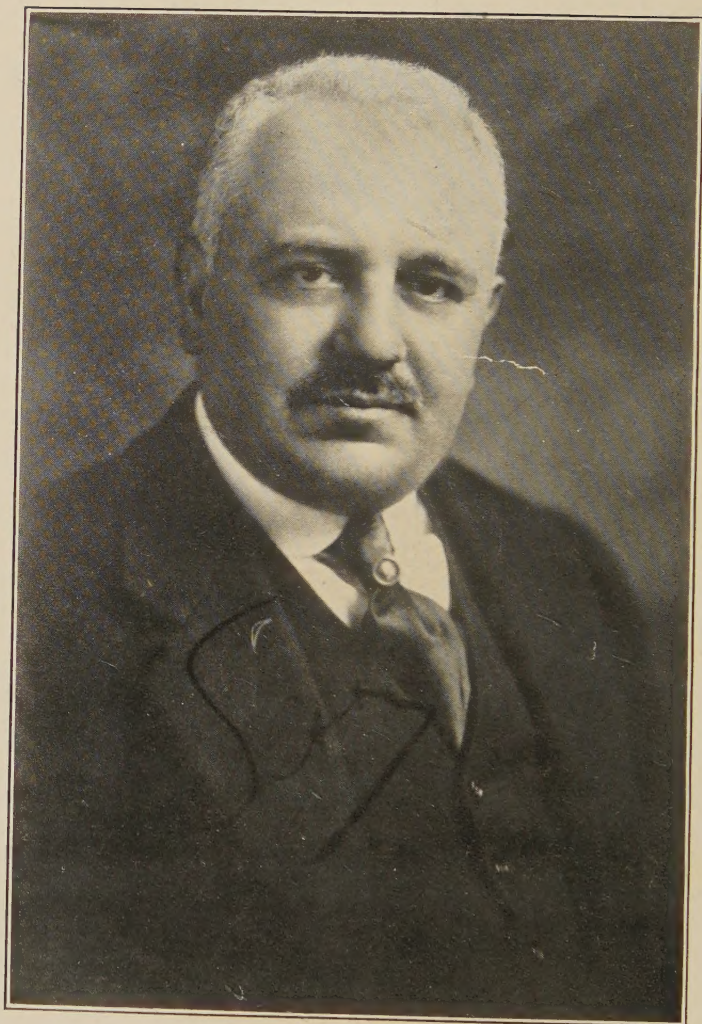
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THE DECADENCE OF EUROPE



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SIGNOR FRANCESCO NITTI

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THE DECADENCE OF EUROPE

The Paths of Reconstruction

BY
FRANCESCO NITTI

TRANSLATED BY
F. BRITTAİN



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AUTHORIZED EDITION

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This book is dedicated to my son, Doctor Vincenzo Nitti, youthful volunteer in the Italian war, thrice decorated for valor, wounded in combat with the Germans, and prisoner in Germany for fifteen months.

It is dedicated also to those of my family, of my race, and of my country who sacrificed their youth and gave their lives, not only for the salvation and the glory of Italy, but for the triumph of peace, and in the belief that they were fighting and dying for the liberty of the peoples and for equal justice for conquerors and conquered.

ACQUAFREDDA IN BASILICATA.

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Questo libro è dedicato a mio figlio,
dotto Vincenzo Sitti, adolescente volontario
di guerra nella guerra dell'Italia, tre volte de-
corato al valore, ferito in combattimento con i le-
gionari e prigioniero per quindici mesi in Germa-
nia.

È dedicato anche a quanti della mia fami-
glia, della mia gente e della mia terra, con il sa-
crificio della loro giovinezza, d'edero la vita, non
solo per la salvezza e per la gloria d'Italia,
ma per il trionfo della pace, e nella fede di lotta-
re e di morire per la libertà dei popoli e
per una giustizia equa per i vincitori e per
i vinti.

Aquafredda,

Sitti

PREFACE TO THE AMERICAN EDITION

THOUGH this book was first published in Europe, it was written particularly for America, and I am much pleased that the American edition is now about to appear. I am in hopes that it will circulate widely, not only among men of large affairs, but among the general public. I should like to have it read by hundreds of thousands of Americans, not because I am concerned with material gain, nor even with political ambitions, but because I believe the American people to be, in the last resort, the defense of our imperiled civilization. European newspapers frequently speak in ironical terms of my pro-British sympathies, and my susceptibility to American influence in politics. Their irony cannot touch me, for I firmly believe that, just as Anglo-Saxon intervention determined the outcome of the World War, nothing but concerted action on the part of the Anglo-Saxons, and possibly not even that, can reëstablish peace and bring about the renewal of civil relations among nations.

A situation comparable to that which the war has produced has never before appeared in history. The losses in human life and property, great as they are, are small evils compared to the undermining of morals and the lowering of standards of culture and civilization. A never-ending sequence of crimes is in progress, each paving the way for others, and Europe will soon be in the desperate condition of the family of Atreus, who committed one appalling crime in order to avenge a wrong, and thus involved his sons in a terrible succession of tragedies and sins. Each one was inevitable, the direct result of the last, until the ruin of the entire race was accomplished. Such a series of errors, violent deeds, and crimes, has been set in motion since the Great War. For this, the victors decline any responsibility, and lay it all on the shoulders of the vanquished, although a share should be accepted by each of the nations involved. The harm done by the

War, however, has already been much surpassed by the harm done in peace, and every day Europe is becoming more unsettled, more disordered, more fretted with the unnatural limits dictated to the defeated nations by the terms of peace, or, as Clemenceau said, the terms of war. So, too, in the case of the new governments, many of which have been absurdly and arbitrarily created.

I have shown in this book how a long period of prosperity followed the conclusion of peace, after the Congress of Vienna, at the end of the upheaval of Europe which Napoleon's imperialistic ambitions and tyranny brought about. This was because no one was concerned in wreaking vengeance on France. Similarly, there were long years of peace after the wars of 1848, 1860, 1866, and 1870, for the states involved in them. But the present situation, the result of the dreadful peace made in Paris in 1919 and 1920, is the worst that has existed in centuries. Not only is there no real peace, but violence and bitterness are greater than they were while the war was in progress. The only difference is that Germany was then accused on every side of imperialism and treachery, while now the victors are the transgressors in these respects. My book shows that the decline of Europe, every day more marked, is only in part the result of the war and can be directly traced to the peace terms. The victors have kept none of the promises which they made in their hour of danger, but have, on the other hand, belied the principles of freedom, democracy, and self-determination of peoples which they pretended to hold, which brought America into the struggle, and which should have been established by their victory. The victors have kept none of their promises and pledges, but on the contrary, have broken to gratify their greed, jealousy, and hatred, even the terms of peace which they themselves recently laid down.

America may still become the great reconstructive force in world politics. At present the Americans are outside of the zone of the conflagration, and look on sadly at the work of destruction, wishing to keep out of it as long as it lasts; but in their own interest and that of civilization, they ought, at this critical hour, to assert themselves as the vital force in the defense of law and order. If they shared none of the responsibility for the disaster, they

might avoid any share of the labor of retrieving it, but as the outcome of the war was decided by their intervention in 1917, and as they, through Wilson, contributed to the conditions of peace, they cannot remain unaffected by the results. Their moral responsibility is heavy.

France is at present pursuing a policy which is a permanent danger to the life and civilization of Europe. Men who, like me, have always been warm friends of democratic France, even in the time when it was the fashion everywhere to sympathize rather with Germany, and to admire her power and her astonishing development, are under a solemn obligation now to tell the truth. When we opposed German imperialism, we never dreamed that we were helping to build up an even worse tyranny. France, as long as the war lasted, pretended to believe in the principles of right, humanity, and justice, and thus brought all free peoples running to her aid. The wrongs done by Germany were even exaggerated, but there was no great harm in that, for any exaggeration is to be expected in war time. As soon as the peace terms were being framed, however, France turned her back on all her traditions and enlisted all the sympathy that had been aroused in her behalf, to bend every effort toward stripping and suppressing Germany, in order to dismember and divide up her territories. The conditions of the peace are nothing but means to continue the war. This observation did not originate with me, but with Clemenceau, and it was openly made at a session of the French legislature. It throws light on all that has happened and is happening, and it should never be lost sight of. As in itself, it explains present events, I constantly bring it to mind in my writing.

After the war, at the same time that Great Britain and Italy were reducing their armaments, France more than doubled the peace time strength of her army, greatly enlarging her aviation and submarine forces, and induced the states which depended on her or were allied with her to increase their military strength also, especially Belgium and Poland. Whatever statements I have made in this book cannot be honestly denied. The French proceeded with a number of measures for which they found an

excuse in far fetched interpretations of the treaty, leading to the occupation of more and more German territory. And now, after having divided into two shares all of Germany's possessions in the East, France proposes to dismember western Germany as well, to stir up secessionist feeling in Bavaria, to control the Ruhr, involving the control of German industry, and finally to detach the Rhine Provinces, or all the left bank of the Rhine. If this program should be carried out, Germany would be completely ruined and the German people would have no choice except between perpetual slavery and perpetual revolution. All Europe would necessarily be in a state of revolution or of martial law, by turns.

The question of the Ruhr should be laid bare in its true aspects. It is at the root of the schemes which, under the name of "Reconstruction Policies" are actually policies of dissolution. As France was at first the only nation which wished to invade the Ruhr, and Belgium, though it has gradually become a militaristic country, simply followed the example of France, I shall attempt an unprejudiced examination of the causes of the French action. Taken all in all, they have nothing to do with military necessity, nor are they connected with any questions which concern reparations. The occupation has been undertaken without any idea of forcing Germany to pay reparations which amount to a ridiculous sum, and its effect will be to make impossible the payment of any reparations whatever, and to establish a condition of violence and hate which will be a real and lasting danger to peace.

I have explained in this book why the occupation of the Ruhr, or of any German territory not definitely designated in the terms of peace, is a violation of the rights of nations and an offense against the treaty itself. But by this time offenses against the treaty have become a habit, and apologists are never lacking for them. Though the learned professions as a whole occupy a highly honorable position in society, a certain number of scholars can easily be found at any time to prove any thesis. There were German scientists ready to justify the invasion of Belgium, while the war was in progress, and there are now in Europe scientific

and legal experts of ability ready to justify greater wrongs than the violation of Belgium! There is a great confusion in the judgment of men when negroes are imported into Europe to insult a defeated people. Interpreters of the rights of the case can be found even among men who are foreign to occidental civilization. Indeed, the representative of the Chinese, Mr. Wellington Koo, reported to the League of Nations on the question of the Saar and the naming of an advisory committee which might have been able to prevent the greatest wrongs. He is qualified not only by his own knowledge of the law, but also by the experience of his own country, where taxes are collected by whoever can command a few armed men, and where the existence of the government depends on anarchy. The Polish brigand Korfanthy is concerned with Germany in the East, Wellington Koo and the negroes with Germany in the west.

Speaking now of the Rhine Provinces, the events which have occurred there are not the result of temporary excitement, which can be condoned, but follow out a methodical program, which should be exposed in the interests of Europe, and indeed, in the interests of France herself. Among those who framed the treaty of Versailles, the French delegates worked under certain militaristic influences, and especially under the influence of the chiefs of the iron industry. They had in mind two definite projects, namely, to separate from Germany the left bank of the Ruhr, the territories known as the Rhineland, and either to bring them under the direct control of France or to organize them into an autonomous state; and secondly, the design of completely controlling the coal industry so that Germany, after having lost by the treaty over four-fifths of her coal ore, would finally lose or yield to French control all the Ruhr coal, and thus come completely under the domination of the great French iron interests.

The plan to separate the left bank of the Rhine was vigorously pushed by Marshal Foch, but I must in honesty say that I believe Clemenceau to have been personally against it. I must also say that he must have encountered constant and formidable opposition. Marshal Foch and the most important military chiefs put up a very strong fight in the spring of 1919,—giving as their

reason the fact that the Rhine should be their natural defense against Germany. Marshal Foch made specific statements to this effect in April and May, 1919, before the representatives of the Entente. The war being over, he was certainly not expressing ideas peculiar to himself, and the opposition which he made later, with unexpected results, to Clemenceau's election as President of the Republic, was perhaps the effect of a struggle which had had sharp passages. I was at that time in Paris, serving on the Supreme Council of the Allies, and I recall clearly the development of the struggle. Indeed, in Clemenceau's own circle there were men like Tardieu who advanced, in a memorandum presented on March 12th, 1919, the proposal to push back the boundaries of Germany as far as the Rhine. This was to be done in the general interests of peace, said Tardieu, with subtle humor.

Humor, since the war, has become a favorite literary effect among those who discuss the life and liberty of the German people. Poincaré has even written that a short occupation of German territory would offend and irritate the Germans, whereas an extended occupation for an indefinite period, would in no way oppress them. I thought fit to note these proposals of the French in regard to the Rhineland, two years ago, in certain articles which I published in America, and recently Lloyd George has given authoritative confirmation to my statements in articles which he, too, intended for the American press.

In spite of Tardieu's statement that the appropriation of German territory, or its separation from the rest of Germany, should be done to secure peace, enlightened and unprejudiced minds will think it strange that peace can be preserved in its present form, certainly a new kind of peace, which we shall not find described in the books of Grotius or Kant. Indeed, in this age of savage violence there is nothing to bring to our minds those lonely and noble thinkers, who believed seriously in a society of nations which would establish peace upon a solid foundation.

The policy of separating the Rhineland has been pursued not only in all the provisions concerning the Saar, but in the conduct of the army of occupation, both white troops and black. This

conduct I have only partially exposed, out of regard for a great and friendly nation, such as France. It is better not to tell the whole truth where it may arouse strong feelings. Renan has said that history and life are made up of things forgotten, and there are many things which it is better to forget.

But the policy toward the Ruhr is of vital importance, because it concerns not only the relations between Germany and France, but the economic situation of all Europe, and thus it concerns the peace of Europe and the liberty of every nation. It should be remembered that, before the war, Germany led all the states of continental Europe in the production of coal and iron ore. In 1913 she produced 190,000,000 tons of coal and 87,000,000 tons of lignite. The production of France amounted to only 41,000,000 tons of coal and of lignite. But, while the product of the German iron ore, including that of Luxembourg, was 35,948 tons of iron, the production of France was 21,918 tons. After the war, as a result of the treaty, Germany lost over four-fifths of her iron ore. The fundamental purpose of the representatives of France, working for the iron industry, was to deprive Germany of most of her coal, and thus to disorganize her production entirely. Her iron being already gone, it was necessary only to seize the coal. Their entire policy, pursued with ability, intelligence, and industry, had this sole end in view. Only, they never mentioned the iron interests, but harped instead on the German menace, their need of reparations, and lastly, on the rights of civilization.

Everyone knows what happened in the case of the Saar. This territory, which had been wholly German, fell into a situation never before known in history. The actual soil has been governed by a representative of the League of Nations, though it was included in the French customs-frontier, but the sub-soil with all its mineral deposits, all that belonged to the State as well as what was in private hands, was ceded to France forever, to make up for the temporary damage inflicted on the mines of Pas-de-Calais. Everyone knows, too, what happened in the case of Upper Silesia, which was ceded to Poland against the Treaty of Versailles and against the decision of the plebiscite. Thus it, too, has fallen

practically into the hands of the French iron interests. Everyone knows again, as I have told in this book, how Germany was obliged by the Reparations Commission to hand over great quantities of coal, more than she possessed, so that, although she was falling into bankruptcy, she had to buy it of Great Britain, even in France and Belgium, all the while she was giving it to them in the guise of reparations.

All the same, as long as Germany had the coal of the Ruhr, she was able to support her own industries, and at the cost of some sacrifices to avoid final economic disaster. She could also keep the French iron interests from monopolizing all the production of the continent. It would have been necessary either for the two countries to come to an agreement, as was to be hoped, or for Germany alone to procure in Spain, Switzerland, America, or wherever she could, sufficient coal to support the great industrial activity which is the foundation of her economic strength. Immediately after the Treaty of Versailles, a campaign began in a large proportion of the continental newspapers, to pave the way for the invasion of the Ruhr, that is for the control of German production by the French iron interests. Each time that the Reparations Commission mentioned the inability of Germany to pay, and the inability was always freely revealed, this threat of an invasion of the Ruhr was advanced.

I have said in this book that other forms of control in German affairs were attempted by other methods. Loucheur, the French cabinet minister, made in London in 1921, a proposal to demand 25 per cent of the capital of all German corporations, to count towards reparations. This proposal, which is quite a new one in the annals of the rights of nations, seemed so dangerous that the English government was not willing to take it into consideration. The question was one of confiscating personal property and finding a way to control the industry of a civilized nation, particularly in the interest of the iron workers. But the proposal must not be considered as an isolated occurrence. It has been recently repeated by Tardieu in an article published through the American Consolidated Press. It has been also the subject of special attention in France. In principle it does not differ from the medieval

proceeding of exacting from a conquered people a quarter, a third, or even a half, of all their property.

There is, moreover, an official document of the highest interest, which exposes the character of the proposals regarding the Rhineland and the purpose of the occupation of the Ruhr. It is a report, dated May 25th, 1922, of a French military commission whose purpose was to examine, according to the French military laws of August 28, 1876, and April 17, 1906, the condition of the armies of occupation in the Rhine provinces and the Saar basin, in regard to supplies and equipment. Its aims were thus purely military, and were precisely defined. Its report, on the other hand, concerns economic and political matters almost entirely. I have seen its statements and its arguments widely repeated in many newspapers, and even in speeches before the legislature. The document was probably considered worthy of the closest attention, and it is certainly highly important, because it explains all the French activity in the Rhine region. First of all, the Commission notes that the French troops in occupied territories are amply provided with everything. The financial agreement arrived at in Paris, March 1, 1922, binding the Germans to pay 460 millions of francs a year for the French troops, is being carried out. It may be said that everything is arranged so that these troops compose the military force of the Rhine in case of any war. The report says that it is a force which is in a state of neither peace nor of war. Its mission is to force a recalcitrant debtor into paying. The general impression which the troops give is of strength and of well-being: *est une impression de force et de comfort*.

The report continues, saying that the occupation of the bridge-head of Dusseldorf and of the towns of Dusseldorf, Duisburg, and Ruhrort, carried out in accordance with the agreement made at London, May 5th, 1921, has been of importance as an economic guarantee. A long explanation follows of all the mineral wealth found in the Ruhr. The occupation of 1921 was the first step in the control of the Ruhr, which is the essential. Pages of figures concerning the various industries follow, which are of great interest, and which show how the Military Commission

concerned itself largely with economic plans. The statement is made that the products with which the Germans have taken the whole world by storm, coal, iron, steel, chemicals, dyes, perfumes, and medicines, are all derived from the Ruhr industries. Not only their coke, and metal works, but all their industries depend on the Ruhr, and even their agriculture lives in great part from the fertilizer from the Ruhr. Thus it can be said that even their potatoes are a by-product of their coal. The industrial strength of the Ruhr was the foundation of the greatness and prosperity of Germany, and even her lack of food-stuffs has been compensated by her great industrial productivity, in coal, dyes, metals, and chemicals. The great industrial personalities of Germany, Stinnes, Thyssen, Krupp, Haniel, Klockner, Funke, Mannesmann, etc., are all in the Ruhr. The situation of each group of industrials is then separately considered, with a great quantity of impressive figures. France must bend all her forces to holding on to the guarantees furnished by the Ruhr, and as the German government has not the resources to pay, the industrial leaders of the Ruhr must do so. And just here the Commission makes the same proposal as that of Loucheur and Tardieu. Germany should be ordered to give up a fourth or a fifth of the capital of her great industries, "which we shall then be interested in helping and developing."

The Rhine separates two great metal working regions, of which one, the French, contains twice as much iron ore as can be worked, and thus has absolute need of the coke of the Ruhr, and the other, the German, though forced to secure iron at tremendous sacrifice, produces intensively. A coöperative industry can be imagined, but only if it controlled the German production.

The second part of the report, in the form of notes on the political situation of the Rhineland, is no less interesting. It states, after certain preliminary observations on the historical, geographical, and ethnical aspects of it, that the Rhineland ought to be separated from Germany, but that the policy of cutting it off cannot be carried through without a prolonged occupation of the Rhine, not the occupation provided for in the terms of the treaty. Its long duration is a condition necessary to success.

The occupation as provided for in the Treaty of Versailles is not of this nature, for in the life of a nation five years, or ten, or fifteen, are of little account. The French must remain permanently there, and this is the reason why the various governments which have come into power in France since 1919 have explained that, in consequence of Germany's failure to comply with the treaty, there is no question of fixing the period of the occupation. The legal theory is applied, which states that the mortgage held by the creditor gives him the right, if his debt is not paid, to confiscate the property which is his security. Germany is not paying and therefore France takes the territory. The policy of the French toward the Rhine would be assisted by letting the inhabitants of the Rhineland return in Freedom to Prussia. It is essential to success to include the Rhineland within the French customs-lines, to dismiss the officials who remain loyal to Prussia, and to enlarge the powers of the local Rhine authorities. The Commission admits that "these are doubtless ambitious plans, but they will be amply justified if carried out with wisdom and judgment, in measure as Germany forfeits her pledges." It is a far-reaching policy, clever diplomacy being needed to forge the links of the chain which shall gradually detach from Germany a free Rhineland, under the military protection of France and Belgium.

Finally the report concerns itself with the Saar. The industrial basin in question is among the most important in Europe. In 1933, the plebiscite will determine whether the Saar shall belong to Germany or to France. The population continues German, and the farmers, the workmen, the clergy, and the teachers remain German in sympathy. A long series of measures must modify this situation, and methodical and careful action is necessary in order to change it. The French delegates succeeded in persuading the Geneva Conference to ignore the votes of the Saar population, but every effort must be made to keep the people of the Saar from expressing their aspirations by means of local assemblies.

These are the general outlines of the official document, which has influenced the actions of the French government perhaps

more than has appeared. Poincaré, in replying to Lloyd George in the newspapers, has denied that France has any idea of disintegrating Germany and separating the Rhineland from it. During the first session of the Conference of London, the 9th of December, 1922, Poincaré solemnly declared that Lloyd George had no authority for his statement that France had any idea of annexing any part of Germany whatever. He declared solemnly, without leaving any possibility of doubt, that there had never been in France a single man who counts, and by that he did not mean a responsible minister, nor even a politician, but any man at all who had any idea of annexing any territory inhabited by a foreign population. Such an idea could not enter the brain of a Frenchman.

This statement, too emphatically made, reveals a French contradiction. During the Peace Conference at Paris, France demanded outright the annexation of the Saar, where, out of seven hundred thousand inhabitants, not one hundred were French. I have already shown at what time Marshal Foch and Minister Tardieu, who are certainly French citizens, demanded the annexation of the left bank of the Rhine, which is entirely German. Here we come upon the quibble. For the present, the annexation of the Rhineland to France is not being demanded, but the effort is being made to detach the Rhineland from Germany, to promote it to the rank of an autonomous state, and to include it within the French customs lines.

The document which I have summarized proves that a well thought out, methodical and clever course of action is in progress, with the sole purpose and ambition of suffocating in the Ruhr all the life of Germany in order to establish a European monopoly for the French iron interests, and to detach the whole left bank of the Rhine in order either to establish an autonomous Rhineland under French control or to annex it directly to France. All this must happen simultaneously with the separation of Bavaria, and thus Germany will no longer exist.

With this intention, then, of establishing economic and military domination, unarmed populations have been outraged, men, women, and children have been killed or deprived of their liberty, and it has come to the point when German property has been confiscated

and private citizens condemned for simply obeying the laws of their country. We have gone backward to the worst period of the Middle Ages. The jurists of those times spent their fine intellects in defending the arbitrary actions of their sovereigns, and there are still, as I have said already, jurists to defend all that is being done. These men consider Germany not as a nation but as a thing, a *res*, at the disposal of the conquerors. It is stated, indeed, that Germany *ought* to pay the reparations, and that if they do not pay they ought to cede the occupied territories and the wealth found there. People and territories alike are considered as material security. Either the debtor pays or his pledge is forfeited; and the pledge consists of human beings! There is no difference between such reasoning and that of the barbarians.

In all that is happening, plutocratic greed and hatred are evident, and wrong thinking is evident as well. In France, military men, and men of affairs also, believe that above all Germany must be humiliated, that she must be enslaved under every form of violence and insult; it is the only way to keep her from being a menace. To outrage every German feeling is the only purpose in many measures. The events in the Rhineland recall the worst period in human history. Even in the Middle Ages, though there were migrations and conquests by Asiatic peoples in Europe, never were there armies of negroes set to guard and to insult the conquered peoples. The reasoning which has led France to send and continue sending black, brown and yellow troops to occupy German cities which stand in the forefront of the world's culture and civilization, must remain entirely inexplicable to the casual observer. It is not because of any lack of soldiers. In spite of her bad financial condition, France has an army greater than those of the United States of America, Great Britain and Italy combined, together with those of all the conquered peoples. France prefers to keep her soldiers on her own territory, or to send them into the colonies, in order to inflict upon Germany, and upon German women, the humiliation of being enslaved by negroes, negroids, or mongols, or, even

worse, by representatives of peoples just emerging from cannibalism.

The Americans could not have lost the war. But if they had, what would they have thought, if the victorious Teutons after demanding an impossible indemnity had despatched the savages of Cameroon or Togoland to secure their debts, had sent the negroes of eastern Africa to humiliate the men and violate the women of New York, Chicago, and Boston? What impression would be made if the courts of the conquerors sentenced Americans whose only offense was in obeying the laws of their country? The army of occupation in Germany is the most monstrous example of political folly that modern history records, and only the present degradation of European politics makes it possible for all this to go on amid indifference.

Before the war, Germany was considered the most militaristic country of Europe. But so far as its military expenses go I have carefully examined all the accounts of the Empire, and am in a position to state the exact figures for the four years which preceded the war. Adding together all the expenses of the army, the navy, and even of the military courts, the entire sum, in gold marks, was as follows: 1910, 862 millions; 1911, 879 millions; 1912, 967 millions; 1913, 1,081 millions; total, 3,789 millions of marks.

The expenses for the troops of occupation, on the other hand, whose purpose was to secure the payment of the indemnity which, in common knowledge, cannot be paid, and who are a pretext for every form of violence, represent a somewhat higher figure if given in gold marks. The expenses in gold marks for the army of occupation were as follows: From November 11, 1918, to March 30, 1921, 3,762 millions; from April 1, 1921, to March 30, 1922, 445 millions; total, 4,203 millions of marks.

It is necessary to add to these figures the expense in paper marks, which was 7,583 millions for the first period and 6,406 millions for the second period. It is difficult to make up the account in paper marks for the different periods for which the figures were calculated. These expenses, great as they are, do not include numerous heavy taxes on the municipalities, nor even the expenses for the newly occupied territories, reduced to servi-

tude on the pretext of upholding the Treaty of Versailles but really in violation of it. The evident fact is that in order to occupy a small portion of German Territory, more paper marks were spent in the twenty-nine months of the first period of occupation than Germany had spent on her army and navy in the four years in which her military policy was reaching its greatest development. The expenses of the occupation at the end of 1922 will certainly be found more than double the military expenses of the German Empire in 1913, after the great increase in the army which raised their combined land and sea forces to eight hundred and sixty-four thousand men.

We must ask ourselves what these expenses represent. They represent insults to the conquered, widespread destruction, consuming greed. In this book, while trying not to arouse too much indignation, I have shown how the army of occupation has acted with no other purpose than sacking and pillaging, and the property of the conquered has been seized by the conquerors. While middle-class families of Germany have no coal, colored men feel free to consume it in great quantities. German babies are dying for lack of milk, but there must be no lack of milk for these African and Asiatic savages. Though the housing crisis has been prevalent more or less over the whole of Europe since the war, and I believe no country has suffered as much as Germany, where the working and lower-middle classes are undergoing every kind of privation, the troops of occupation are demanding, rather as an insult than to fill a real need, spacious lodgings. Not barracks only, but also a great number of dining-halls, assembly-rooms, offices, clubs, etc., as if, instead of an army in temporary quarters, they were a party of pleasure seekers who intended to spend as much as possible and also to amuse themselves as much as possible. These facts are perfectly unprecedented in modern history. The conquered must pay for all these things, the pleasures of the officers, the music of the negroes, the orgies of the savages, and the sports of the enemy on their soil. They even have to pay the expenses which insult them the most, for instance, when a celebration is arranged, in memory of the victory. The Germans lost the war, nor can anyone claim that they wish to cele-

brate their defeat, and yet, the expenses for it are laid to their charge as an added outrage. In the same way, it was formerly the custom, in certain countries which seem to us despotically governed, to send the bill for the expense of the execution of condemned political prisoners as a delicate attention to the families of the victims. Germany is hungry, but the troops of occupation have the right to be amused all the same, and it seems necessary to give the negroes and the negroids some kind of diversion. Their own music isn't enough; their "show" must be more elaborate. Horse-races are arranged, and the horses are sent for from France, the expenses being charged to the conquered.

Disease, hunger, and death are increasing in Germany in the most terrifying way, and the greatest German scholars are undergoing the worst privations. Yet it is considered natural that a corporal or a sergeant of the black or yellow troops should draw, at the expense of Germany, a much larger allowance than that of men whose fame is world-wide, men who have illumined human thought and who have written famous books on mathematics, law, biology, philology. The greatest scientists and artists are in misery, but all this while the musical instruments of the negroes beat out their savage harmonies before the masterpieces of Gothic art, the cathedrals of the Rhine valley. The savages who have come to defend the cause of the Entente are better rewarded than the most illustrious scientists of Leipsic, Berlin, or Monaco. Illiterate and half savage Africans and Asiatics are paid five or six times as much as the most celebrated scholars in the world.

In spite of all that I have already written in this book, I undertook to make a short comparison of the wages paid to the soldiers of the army of occupation of the Entente, and those received by the soldiers of the small army of a hundred thousand men, which the Treaty of Versailles allows Germany to maintain. The comparison was made in December, 1922, when the valuation of the mark had not depreciated to its present low point. It is necessary to remember that the soldiers of the army of occupation always receive their allotted wages in their national currency, and in addition to this, they draw a special allowance for service in

Germany. The result of the comparison shows that a mere scrivener on one of the innumerable commissions of parasites which are spread all over the occupied territory, receives, solely as his allowance for foreign service, a larger sum than the whole pay of a general of the German army or of a minister of the German government, and at least ten times that which German officials of the same rank receive. A governor-general's salary appears as 67 millions, his special allowance, 11 millions, amounting to 78,607,000 paper marks. A mere soldier, besides his pay of 3,307,000, has an allowance of 1,652,000 marks, totaling 5,022,000 marks. The Chancellor of the German Empire in 1922 was paid in all 3,530,000 marks, and a cabinet minister, 2,952,000. The most exalted personage in the empire gets only 5 per cent of the sum which the *Reich* has to pay for a governor-general. The pay of cabinet ministers does not amount to three-fifths of the wages of a mere soldier, and these wages are fifteen times those of a German railroad employee, who must support his whole family beside himself. These things are scarcely credible, and they cannot fail to kindle the horrified feelings of the world, since they reveal the real aim of the occupation. And yet more revelations are made by the official documents!

After all transferrable property, and anything that could be handed over in any form, had been taken away from Germany, in violation of all the pledges and promises, after her commercial organization abroad had been taken from her, after she had been forced to cede all her colonies, her raw materials, her foreign credits and her merchant marine, she is made to submit to treatment which any people would resist, characterized by hatred and founded on fear. If Germany should recover, the consequences can scarcely be imagined. The greater injustice is done her, the more she is to be feared hereafter; hence the more she is oppressed, the greater oppression is necessary. In a number of conferences, it has been said in the hearing of Lloyd George and me, that the Germans are different from other people and that the best system to apply to them is harshness and restriction. It has also been written that there are twenty million more Germans than

necessary, and that a method should be found to reduce their numbers.

It has until recently been customary to accuse the Germans of cruelty, but no honest man would dare to repeat this accusation today. The truth is that when the Germans won their great wars they never committed any of the cruelties or the violent and unjust deeds for which the conquerors of today are responsible. Only the Germans had a certain dull frankness and they spoke out their minds rather brusquely, justifying their acts by invoking the gospel of might. Now every time that deeds of violence are committed against Germany, the cause of civilization is invoked and the statement is made that the Germans are barbarians. The only difference is that now when murder and robbery are committed, civilization is invoked instead of force.

Poincaré had said in one of his speeches, that during the last hundred and twenty years, France has suffered five invasions from Germany. The statement is not historically correct, but between 1667 and 1815, how many times has Germany been invaded? To what end if not the suppression of Germany was the entire policy of Richelieu and of Mazarin directed? In 1667, 1671, 1683, and 1688, France repeatedly invaded Germany, and devastated a large part of the country. Those were the days of the great conquests of Louis XIV, who always found in inherited claims excuses to encamp on his neighbor's territory. In 1701 the dispute over the Spanish succession gave rise to a terrible series of wars, which were fought over a period of thirty years, almost entirely in Germany. In 1733, on account of the question of the Polish succession, France again invaded Germany, and if it had not been for the resistance of Frederick the Great she would have dismembered Germany even before Napoleon actually did so. Between 1792 and 1815 there was a whole series of wars, and Napoleon disposed of German territory, as of a large part of Europe, in autocratic fashion, assigning thrones at will to his relations and friends.

When Poincaré spoke of German invasions of France, he doubtless counted the uprising of all the countries of Europe against the absolutism of Napoleon in 1815, as a Germanic invasion.

However it must be remembered that not the Germans alone, but the English, the Russians, and many other people fought for their independence in 1815, and that not only the army of Blücher, but also those of Wellington and Alexander of Russia entered Paris. The war was one of liberation, waged against the despotism which respected the liberty and autonomy of no people, and which intended to subject all Europe to France.

There remain to be considered the two wars of 1870 and 1914, and history will tell in its own time what share of responsibility must be borne by the Germans and how much by other peoples. To deny or to belittle the heavy responsibility of the Germans for the war of 1914 would be absurd, but it is a violation of the truth to charge them with the whole responsibility for it, and Lloyd George has been willing to recognize this fact loyally. The French and the Germans are great peoples, each of them has qualities necessary to the development of Europe. The French are traditionally warlike, but at the same time far-seeing in diplomacy, whereas the Germans depend the more on their ability to wage war, because they are somewhat weak in diplomacy. But the legend that the Germans have no other desire than to attack France, and that they have been trying for centuries to invade it, while France has no other idea than to defend herself, is simply absurd. These two peoples have fought each other for long periods, each in turn the aggressor. It is to be hoped in the interests of humanity and for the peace of Europe, that they will find a way to agree. But the more the conqueror attempts to oppress the conquered, and sows the seeds of hatred, the more difficult will this be.

Various sentiments contribute to the attitude which France has assumed toward conquered Germany since Germany disarmed in 1919. One of the most important is rancor, a perfectly justifiable feeling. But rancor between peoples is not lasting, and it is impossible to hate for a long time, especially after the generation which has done the hating has died out. There are secondly the schemes of the big business interests, who wish to avail themselves of the reparations as a method of depriving Germany of all her great resources—a method directed particularly toward the acquisi-

tion of a coal and iron monopoly in Europe, which would bring with it military supremacy. And finally there is the fear for the future and the question of what suppressed and humiliated Germany will do on the day when she gets back her strength. At least this day can be put off as long as possible.

Thus the general opinion in favor of treating the Germans with increasing harshness, is a complex matter. But at the bottom of it there is a wholly mistaken psychological idea, namely, that the German people will thus come to have a horror and a dread of war, and will learn to fear their conquerors. All this is mere illusion, for peoples do not change, and Germany is full of vitality. The greater the agony of the Germans and the more bitterness is bred in them, the more intolerable the situation becomes and the less likely is any way of salvation except in revolution and war. It is true that William II was an abominable man, but the violent deeds which he is believed to have contemplated are as nothing to those that have been committed against his people, and though there can be no doubt that we are in an age of violence at present, imagine what the situation would be if more than 80 millions of Germans, already embittered by oppression, should end by believing that in violence was their only way out of their sufferings.

The only cession of territory mentioned by Wilson was the restitution of Alsace and Lorraine, and just conditions were guaranteed by him. If peace had really been made with justice, if commercial agreements had been arrived at with any sense of justice, the victorious countries would have had at their disposal the immense resources represented by the labor of the German people, in order to establish peace and prosperity. An attempt is made to refute this theory by the argument that the various nations cannot forget their dead and work side by side. I contend that this is a mistake, for every side lost men, and anyone who lays to the charge of the Germans all the responsibility for the dead, must be himself very certain of not being in the least to blame. The Germans, the Hungarians, the Bulgars, fought just as surely from patriotic motives as did the Americans, the English,

the French and the Italians. In fact not a single country except Russia lost as heavily as Germany, who maintained armies on several fronts. A recent estimate states that the Germans lost 1,834,831 men, or more than France and Italy, more than Great Britain and Italy together. Every country reveres the memory of its dead, but the only way to assure peace is for every country, at the same time that it remembers and honors them, to forget its bitterness. While I was in the United States, I was greatly impressed with the way in which the North and the South had not only forgotten their bitterness, but erected monuments everywhere to the memory of the heroes of both armies, who fought each other desperately. This is an example of the manner in which a civilized country can forget its bitterness and honor valor.

The opposite is seen in Europe, where a constant effort is made to increase hard feeling. In every country there has been since the war a cult of nationalism, which is the extreme of real patriotism, and all of us have run to extremes. The cult of hate feeds the germs of violence, and alreday, in many countries, Parliaments exist only in name, and the principles of democracy and liberty are held in general contempt. It has even become the fashion in some European countries to scorn democracy, insult liberty, exalt hierarchical and dictatorial ideas. Intellectual and political freedom have not in a century been so gravely menaced.

Consider a little how national hatreds are being fostered! I have made a small collection of the books which have been widely disseminated since the war in French and Belgium schools, and if one cares to see with what industry the cult of national hatred is being encouraged, one could read nothing more instructive. For instance, there is a book written by a French *directeur d'école* for the schools, in the form of a history of the Great War entitled *Pour Notre France*. In it the Germans are described as hordes of savages, whose profession is war, who go about to despoil, to devastate, and to terrorize. There is a long series of statements made to kindle hate against them, and anecdotes are told which are on the face of them absurd and incredible. Later, under the heading *Entretien*, there is a series of questions adapted to the children, dealing with the cruel acts and the bar-

barism of the Teutons. There is another book, a reader for primary and secondary schools, full of terrible stories of murders and other crimes. Yet this one is entitled *Les Lectures des Petits*, or *Selections for Young Children*! Here there are also exaggerated stories of the heroism of French children contrasted with the cruelty of German children. *O Allemands! quel crime! quelle lacheté! Il n'y a p  s donc chez vous des p  res qui aiment leurs enfants!*

The evil is being spread, and in Belgium as well as in France, these things are being taught. I have at hand an *Atlas-Manuel de G  ographie*, intended for use in the Junior High Schools and High Schools, in accordance with the official curriculum. This book was published in 1922, or four years after the end of the war, and is adapted to young people somewhat advanced in their studies. In speaking of the German race the expression is used that it has always been by nature, all through history, cruel, prone to deception and bad faith, and to violation of its promises, and that among its characteristics are savage egotism and arrogant pride. The teachings of the German universities are full of lies, hypocrisy and calculated falsehood, with the sole purpose of making an armed automaton of every human being. The love of truth, justice and beauty is ignored in the German universities, and the Germans at heart are a race of brigands, thieves and assassins—*“de brigants, de voleurs, et d’assassins.”* The Germans shall not be received into the League of Nations, but must be put in the class of peoples incapable of self-government, and should be kept under surveillance, like the negroes and the Malay races. Even these people have hearts, while the Germans have none!

During the war the statement was spread over the whole world that the Germans in Belgium had an inveterate habit of cutting off the hands of the children, and many people believed it thoroughly, for which I cannot blame them. As asphyxiating gases are used in warfare, so all weapons, even lies, are employed to bring discredit on one’s enemies. I remember saying to Lloyd George at San Remo that I was glad to be asked to attend a Conference at Spa, if only to have the opportunity of traveling in Belgium, and to see whether there was a single child to be found

whose hands had been amputated by the Germans. My resignation as Premier of Italy, which was caused partly by discontent with my foreign policy, in June, 1919, prevented my attendance at the Spa conference, but Lloyd George was there, and he sent me word by the Italian minister of foreign affairs, Senator Sforza, that he had not been able to trace a single case of a child's hands having been cut off, in all Belgium. In spite of this, the stupid and wicked lie continues to be spread about!

In the same way the legend concerning the cruelty of the Germans continues to circulate, as if everyone was not cruel, in greater or less degree, in time of war. The responsibility of the Germans for certain things will never be denied, for instance for the shameful submarine campaign, and the illegal sinking of the *Lusitania*. But it cannot be said that the Germans were not cruelly treated also. It cannot be wondered at that men are cruel when they are forced to kill, and when all their savage impulses are aroused, even when it is for their country. But in cases where the Germans have been victors, they have never committed in time of peace the unjust acts which have been perpetrated by the Entente since 1919. The horrible occurrences on the Rhine, and the conduct of the troops of occupation are peculiar to the Entente, and have never happened before in the world's history.

There is no more absurd fallacy current than to deride German scholarship, which is one of the greatest products of human intellect in modern times. During the last hundred and fifty years Germany has given birth to the greatest poet of Europe, in Goethe, to the greatest musicians, in Beethoven and Wagner, and the greatest thinkers, in Kant, Hegel, and Schopenhauer. Has there ever been a loftier genius than Goethe, a more profound than Kant, a more original than Wagner? Although shallow fools in every country believe literally the stupid lies told during the war, to disparage the so-called "Boche," and make fun of German scholarship, this nevertheless is the greatest achievement which the human intellect in all its activity has ever produced. In all the great works of science there is nothing to be compared with it in strength. To be sure, Great Britain, America, France, and Italy have had scientists, who, if separately considered, may be ranked

damages. The repayment of war debts should be arranged after the reparations, and the claim of France on Germany for all damages should be settled, before any of the debts of France are called in. Poincaré's term was "the Entente," but he was mistaken in generalizing, for Great Britain is on the point of beginning to pay her debts. He admitted that the debts should be paid, but only afterwards. The debtor-states of the Entente should say to the creditor-states: "When we have received from Germany the indemnification of our losses, then we will pay you." I have shown in this book that the so-called payment of damages is in fact a real war indemnity, and can never be paid. Thus Poincaré practically claimed to have the right to deal in any way he pleased with Germany as far as the policy of recovery of reparations was concerned, and at the same time postpone indefinitely the payment of debts.

Every sort of abuse and crime has resulted from the acts and deliberations of the Commission on Reparations. I have explained the origin of this Commission, in my book entitled *L'Europa senza pace*, which is published in America as *The Wreck of Europe*. Setting aside the plan of forcing the defeated nations to pay the expenses of the war, but accepting, even though it was in violation of promises, the plan to require payment for the damage inflicted by the war, the authors of the Treaty of Versailles wished to give to a Commission sovereign powers to define these terms. It was necessary to estimate the losses, and the Commission had to find out what the conquered people could really pay and define the form of payment. The estimate of losses became a real war indemnity, including even war pensions and military subsidies, and the claims for damage amounted to a ridiculous sum. To atone for a small portion of the devastated national territory almost as much money was demanded as the whole national wealth before the war, according to a reliable financial estimate. The reason that Lloyd George and Wilson accepted the plan to establish the Commission on Reparations, was that they believed it would be a body of unbiased judges who would assure fair treatment for all, particularly for the conquered. But the Committee from the moment of its organization showed itself to be the

conscious or unconscious tool of the forces who aimed at cornering raw materials, in the economic field, and at dismembering Germany in the political field. It is sufficient to say that Poincaré gave it the outlines of its instructions, and that its actual work is superintended by Barthou. The question is whether any more prejudiced judges could be found! The entire Commission is made up of two kinds of men, those without any economic ability or experience, who are so highly paid that no officials, whatever their rank, in any nation can equal them; and those of too much economic ability, who pursue a well directed policy toward a definite end, that of suppressing Germany in every possible way.

The ideas of Poincaré, outlining the method of dismembering Germany, are well known. He has stated that the longer the occupation of Germany, and the less definite its term, the easier it will be to endure; he has defended the plan of forfeiture of pledges, the occupation of the Ruhr, and the whole course of action devised by the chiefs of the iron industry; he represents to the whole world the French nationalistic policy. The project to exact from the corporations of the Rhine provinces 60 per cent of their stock as part of the reparations, originated with him. Any one who cares to see how Poincaré has consistently upheld the most extreme measures, need only read the reports of the recent conferences at London, in December, 1922, and at Paris, in January, 1923. Barthou, now the head of the Reparations Commission, represents the same ideas as Poincaré, somewhat more extreme, if possible. It was he who stated that the Ruhr should be considered as a pledge, and that France should exact her pledges as long as the reparations are not paid. It follows that if Germany cannot pay for thirty years, which is an indisputable fact, to anyone who knows anything about the matter and considers it honestly, France, who will be for thirty years or more established in the Ruhr, will be in complete control of the political economy of continental Europe. Poincaré's demand, made last August, of 60 per cent of the stock of all the important corporations in the Rhine basin was even less modest than that of Loucheur, who demanded 25 per cent of the stock of German

corporations in general. It represents a methodical way of despoiling in order to create a continental monopoly.

Barthou, who played an important part in the Conference of Geneva, opposing any attempt however indirect to bring under consideration the discussion of the reduction of armaments, is now at the head of the Commission on Reparations on which America is not represented, and from which England has withdrawn since the events in the Ruhr. It can be imagined in what spirit he conducts it. And if the Commission does not represent one of the means by which the French aim to establish a continental monopoly, I would like to know what it does represent. On January 19, of this year, Barthou made the statement in a Conference held at Paris, that the duration of the occupation should depend on the measure with which Germany fulfilled her obligations. This was a repetition of what Millerand said once before. On the first of January, 1923, Germany owed France 98 billions, according to Barthou, and should have paid 27 billions on that date, but actually did pay of her own accord only 12 billions, 975 millions. The military program of occupation, the demands, the restrictions on Germany, the work of the Commission on Reparations, which made an excuse to declare Germany in bankruptcy, are all means to the same end, of seizing control of the Ruhr and dismembering Germany. In spite of having lost all her movable property, of being subjected to every kind of ill treatment on all sorts of pretexts, of losing most of her raw materials, Germany had paid nearly 13 billions up to this time, and all this in spite of the fall of the exchange. America has a right to be surprised that France, after having acquired rich territories, abundance of raw materials, colonies, ships, and other things, had not paid a single franc even of the interest of her debt to America. It is impossible to charge Germany with bad faith if France does not pay either. There is no doubt that France sustained serious losses in several regions, and had enormous war expenses, and that she is at present unable to pay. But at least she has kept all her dominions, and she gained fertile territories with thriving industries. On the other hand, Germany was deprived of her territories, and of her best industries, so how can she pay when France admits that she cannot?

But Barthou states outright that whatever the Treaty of Versailles gave to France, amounted to very little, and that the victory was incomplete: "*C'est déjà trop d'une victoire mutilée.*" To establish herself in Germany is the best that France can do. So the periods of occupation as limited in the treaty, comprising fifteen years in the third zone, ten in the second, and five in the third, are as a matter of fact not yet begun!

These ideas of Poincaré, Barthou, and Millerand, explain the facts that France has doubled her army, against an unnamed enemy; and has created an immense aviation service. They also explain her attitude at Washington in the matter of the submarines; and her refusal at Genoa to discuss the reduction of armaments. They explain too the invasion of the Ruhr, and the sending of new troops of occupation into Germany under pretext of voluntary bankruptcy. They even explain the extravagance of the troops of occupation and the fact that yellow, black, and Malay troops are unnecessarily included among them. The whole program is directed toward the dismemberment and suppression of Germany. Crimes keep hatred alive and lay the foundation for hatred in the next generation. War profiteers, who live and thrive by large armaments, are working hand in glove with numerous financial interests, aided by race prejudices and excitement.

This is the proper point at which to ask ourselves the direct question whether Germany can be eradicated, and if not, whether she may be dominated by force, and whether the number of Teutons in Europe can be reduced by at least twenty millions. History shows many examples of people who have been exterminated after a great war. But the Germans represent the longest lived ethnological entity in Europe, or perhaps in the world. They are a brave, hard-working, and hard-hating people. At present they are unarmed, having disarmed in all honesty after the peace treaty, with perfect faith in the promises which Wilson made in the name of America. Moreover, disease and privation have greatly weakened them. All the same, no human force can hold the Germans in servitude very long. Therefore the continuation of a violent policy toward them can have no other effect

than to arouse their hatred and to make peace more and more unsettled. Instead of destroying Germany, it injects into the life of Europe more and more venom, and destroys the very roots of prosperity and peace.

I have been considering the Ruhr from the economic point of view, in order to show that the occupation was not permissible, under the treaty, but was undertaken in the interests of the great iron magnates. I shall now consider it historically, from the moral point of view, which opens some very important points. Germany at the present time is in a state of war, rather than of peace. France and Belgium have invaded German territory, after declaring that the nation had gone into voluntary bankruptcy as far as reparations are concerned, their avowed motives being economic, and only their methods military. The situation as it stands is that the Ruhr, even under the conditions of the treaty, is an integral part of Germany, not included in the territory which is was permissible to occupy. The citizens therefore are bound to obey no laws but those of Germany, and the German officials are responsible to their superiors in Germany. Both France and Belgium signed the international agreement of 1899, article 44 of which denied the right of a belligerent, even in war, to force the population of an occupied country to take part in acts of war against their own country. The inhabitants of the Ruhr, however, are at present obliged to furnish requisitioned supplies, to give up their own officials, and to abstain from free communication with Germany. They are even more harshly treated than if they were in territory occupied as a war measure. France insists that her action is not a war measure, but a peace measure, of a purely economic nature. The bitter irony of this contention left out of the question, its fallacy should be evident to any intelligence. For if the rights of invaders in regard to civil populations are limited in time of war, they must certainly be limited in time of peace, and violent measures are then perfectly inexcusable.

Among the many protests which have been raised against the invasion of the Ruhr, I have been particularly struck by the tragic history of one, which comes from a highly civilized country,

one that suffered from great oppression under the despotic government of Russia, Finland. The Finnish jurists remember the fact that ten years ago, under the Czar, the citizens of Finland like those of the Ruhr at present, were hailed before Russian courts and sentenced for having declined to submit, within their own national boundaries, to laws and decrees irreconcilable with those of their native government. The jurists of the whole world protested against this act of the Czar, and considered it a serious infringement of popular rights, and among those who protested were the French jurists. And yet that was a much less arbitrary proceeding than the one in question, for Finland, though it had a degree of independence, was considered a part of the Russian Empire under the Czar. In the Ruhr, in peace time, on the other hand, German citizens, on German territory, have been sentenced by French courts on the ground of French laws, for no other offense than having obeyed the laws of their own government. In no society, however backward, have judges been found who dared to condemn men who were guilty solely of having served their own country, and until these events in the Ruhr, it was a universally accepted principle of international law that no government might force the citizens of another government to concur in acts which were against their oath of allegiance to their own country, or in any way harmful to it. While the war was being fought, it is true that the Germans were guilty of more offenses against law and order than the other nations, but since the peace the conquerors have been guilty of such offenses in greater measure than Germany ever was.

In every official declaration, the Entente has proclaimed that this was the last war, but at the same time it has been preparing for future revolutions and wars as fast as if it had accepted the conditions of peace simply in the spirit of their being a continuation of the war. Friendship and sincerity have steadily declined in relationships between nations, economic inequalities have increased, popular liberty has been curtailed in the internal affairs of almost every continental nation, and the slogans of democracy and peace are daily being derided. There is only one possible way out of the difficulties, one essential condition,

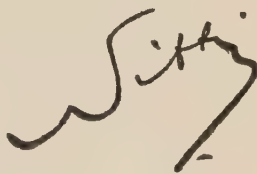
and that is to speak the truth. We must get behind the tissue of falsehoods which obscure the issues, we must judge our own acts and those of our recent enemies with the same standards and in the same honest spirit. And that is why, in the face of hard feeling and opposition, I have made the effort in this book to break through the veil of deceit.

As long as the fatal fallacy of the reparations is nourished, as long as there are nations who are not free within their own boundaries, free to work and progress and make their own arrangements with others, as long as a single black or yellow soldier shall defile the soil of a single conquered nation, the sequence of crime and death will go on and the world will have no peace. As long as methods more wicked than those employed by the Teutons in 1815 and 1870 shall now be used against them in their defeat, and as long as the stupid lies persist in regard to their being incapable of living under free institutions, institutions of liberty and democracy among the victors will decline. It was America who decided in 1917 the issue of the war, and I believe America to be the only country, especially if she coöperates with Great Britain, whose influence can turn the tide of peace.

But the Americans should be cautious and give no credence to fine talk concerning the noble motives for which the war was fought, nor to literary essays. They should remit nothing of what is owed to them, and extend no further credit, for it would be bad business and bad morals to allow any more money, even in the form of loans to private individuals, to any country who does not exhibit a definite will to achieve peace. A country cannot take the attitude of Shylock towards its exhausted debtor and at the same time ask that its own obligations be forgiven, nor talk of democracy while it breaks all the conventions of civilization, nor trouble the peace of the world while demanding perfect confidence. The end of all the falsehood must come.

The Americans will know what road to follow in their own interest and that of humanity. A great task has been entrusted to them by Fate, that of restoring peace and defending the supreme rights of civilization. After listening to all the orators and propagandists, who begin by proclaiming great principles and

end by asking for money, they will have to set about learning the whole and unvarnished truth, before they can get to work at their great task. This book is a relation of documentary facts, and no statement in it is susceptible of denial. All that I have done is to gather evidence from the most unquestionable sources, and to present it with perfect frankness. The duty to be accomplished is to work with pure motives for the reconstruction of society and to give back to the world its faith in liberty and the security of life. If we all work together to this end and if to America shall fall the honor of making the chief contribution, the greatest of all rewards should be hers.



ACQUAFREDDA IN BASILICA,
March 4, 1923.

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THE
DECADENCE OF EUROPE

CHAPTER I

THE TREATY OF PARIS OF NOVEMBER 20, 1815,

and

THE TREATY OF VERSAILLES OF JUNE 28, 1919

FOR many years it has been repeated that the treaties of 1815 were the triumph of the principles of absolutism over the principles of democracy, which had been proclaimed at the French Revolution and disseminated throughout Europe, above all by the armies of France, from 1792 to 1815. The Emperors of Russia and Austria, the King of Prussia, and the King of England (represented by the Duke of Wellington and Lord Castlereagh) have been portrayed as the men of the Holy Alliance, gathered together to preserve the Governments and to secure them against national risings and the revolutionary spirit of the new democracies. Metternich, the leading spirit of the Treaty of Vienna, has come down to us as the very interpreter of the spirit of reaction. The Congress of Vienna, in reëstablishing the fallen dynasties and dividing among the victors the countries which formed part of the Napoleonic Empire, paid no regard to the wishes of their inhabitants. It is true that the victorious Great Powers did not put forward any designs foreign to the principles of legitimism and peace, and that they tried, above all, to return as far as possible to the Europe of 1790. But the Holy Alliance

has for a long time stood as the representative of the victory of absolutism and of the system of the *ancien régime*.

On the other hand, the allied and associated Powers which, from 1914 to 1918, fought the greatest war of modern times, declared that they were inspired by a single object. Briand, in the name of the Entente, formulated the objects of the war at Paris, on December 30, 1916. He told the world what was wanted by the allied Governments united for the defense and the liberty of the peoples ("les gouvernements alliés unis pour la défense et la liberté des peuples"). The object of the war was the liberty and independence of the peoples, on one and the same footing of equality.

Woodrow Wilson, President of the United States, had declared repeatedly that there must be "a peace without victory," that "the right is more precious than peace," and that there was "no quarrel with the German people," but only with the German Emperor and the representatives of German imperialism. On January 8, 1918, he formulated, in his famous fourteen points, those declarations which constituted a solemn pledge, not only of the American Republic, but of all the nations of the Entente, and which were to be solemn pledges to the enemy and to all the countries of the world.

Those fourteen propositions, of which the memory is almost lost (although five years have not yet passed since their proclamation), were the program of the democracies and the basis of the League of Nations, in which victors and vanquished were to meet together on a footing of perfect equality to guarantee the interests of peace and to secure it against insidious attacks.

What, according to the pledges of America, were to be the principles of the peace? The abolition of secret treaties; absolute freedom of the seas outside territorial waters; the removal of all economic barriers and the equality of commerce; reduction of all armaments to the minimum necessary for internal security; the adjustment of all colonial rights with due consideration for the native populations; the evacuation of all Russian territories, and help for Russia in her resurrection; the evacuation and reconstruction of Belgium; the liberation of French territories invaded by the enemy, and the restoration to France of Alsace-Lorraine, torn from her in 1870; a rectification of the Italian frontier, according to clearly recognized lines of nationality; assistance to the peoples of Austria-Hungary in their efforts to obtain free autonomous development; the liberation of the invaded territories of Rumania, Serbia, and Montenegro, and international guarantees for the political and economic independence of the Balkan States; recognition of the Sultan's sovereignty over the Turkish portions of the Ottoman Empire, but with guarantees for the security of other nationalities, and the opening of the Dardanelles as a free highway for the commerce of all nations, under international guarantees; the restoration of Poland, formed from territories containing undoubtedly Polish populations, with free and secure access to the sea. In short, a Society of Nations was to be formed, having special agreements, with the sole aim of assuring reciprocal guarantees of political independence and territorial integrity for the great and the small States equally.

The proclamation of these principles had more to do with reducing the spirit of resistance in Austria-Hungary

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as well as in Germany than had the armed force of the Entente. On September 27, 1918, on the eve of the armistice, President Wilson spoke of the economic adjustment which was to succeed the war. No special or separate interest of any single nation or group of nations was to be taken as the base of any adjustment whatever, if it did not coincide with the common interest of all. There were to be no special leagues or alliances, no special facts or understandings within the common family of the Society of Nations. There was to be no selfish economic combination, no boycotting in any form, except as a means of economic coercion for those countries which should violate the good rules of the society. All agreements and international treaties of every kind were to be published to the rest of the world in their entirety.

The two great treaties which, a century apart, have attempted to regulate the fate of Europe for a lasting period are the Treaty of Paris (November 20, 1815) which followed the Congress of Vienna and other treaties and agreements laid down after April 23, 1814; and the Treaty of Versailles, concluded on June 28, 1919, after the Paris Conference, and followed by the Treaties of Saint-Germain-en-Laye, of the Trianon, of Neuilly, and of Sèvres, which were concluded with Austria, Hungary, Bulgaria, and Turkey respectively.

An examination of the two treaties shows, better than anything else, how Europe, instead of going forward, has fallen far back; and how, at the beginning of the twentieth century, all principles of justice have been abandoned, and how the desire of ruining and destroying the enemy has alone guided the action of the victors. It

shows, too, how the plutocratic greed of the modern democracies, fickle and irresponsible, is very much more dangerous than the root-principles of legitimist monarchies.

In 1815 violence on the part of the victors seemed allowable, after the greater part of their territories had been turned into a shambles, and after all the humiliations which they had undergone for many years.

In 1810 the France of Napoleon, by the sanguinary battle of Wagram and the subsequent Peace of Vienna, had risen to the zenith of her power. Almost the whole of Europe was under French domination. The French Empire stretched from the Garigliano in Italy as far as the mouths of the Elbe in Northern Germany. It comprised 130 departments, governed by prefects. It was French prefects who governed from Hamburg to Genoa, from Amsterdam to Florence, from Antwerp to Geneva and Rome. In constructing the imperial edifice, Napoleon, supported by the enthusiasm of the whole of France, dreamed of Imperial Rome and of the Middle Ages, of Augustus and Charlemagne. Neither for him nor for France did there exist any consideration for nations, dynasties, or history.

The boundaries of the France of 1790 had been advanced by stages so as to include Belgium, the southern part of Holland, the left bank of the Rhine, the cities of Mulhausen and Geneva, the diocese of Basilea, Savoy, the county of Nice, Piedmont, the duchy of Parma, the Ligurian Republic, Tuscany, Illyria, the States of the Church, Valois, the kingdom of Holland, the grand-duchy of Oldenburg, the territories of Hanover and Westphalia, and the Hanseatic cities.

But around the Empire there was a whole series of vassal-states, which were, in fact, under the domination of France, and at the head of which Napoleon had put members of his own family, of humble origin. Sovereigns of ancient and noble stock had been forced to surrender their thrones, in countries where they had reigned for centuries, to members of Napoleon's family, often to adventurers who were not distinguished by any special merits.

Vassal-states where the sovereignty was exercised in the interests of France were—the kingdom of Italy, with its capital at Milan, of which Napoleon was king and Eugène Beauharnais, Napoleon's step-son, viceroy; the Helvetic Republic, of which Napoleon was "médiateur"; the Confederation of the Rhine, of which Napoleon was protector, and of which the leading members were the kings of Bavaria, Wurtemberg, Saxony, and Westphalia; the grand-duchies of Frankfort, Baden, Berg, Darmstadt, Wurzburg, etc.; the kingdom of Naples, of which Murat, Napoleon's brother-in-law, was king; and the kingdom of Spain, whose ruler was Joseph Bonaparte, Napoleon's brother.

Those States of Europe which were not incorporated in the Empire and which were not declared vassal-states were, however, compelled, willingly or unwillingly, to enter the Continental System. They were—after Tilsit, Russia, and Prussia; after Wagram, Austria; and, after 1810, Sweden.

A single great European State made a real resistance to the imperial domination, which, directly or indirectly, extended over almost the entire Continent. This was Great Britain. Against her France gathered up all her

strength, and, by means of the continental blockade, sought to isolate and humiliate her, causing her immense economic losses.

Never, perhaps, in history had an absolute sovereign disposed of thrones and high offices to the profit of his own family and relatives as did Napoleon. Of his brothers, Joseph, after having been King of Naples, was King of Spain; Lucien was Prince of Canino, Elise Princess of Piombino; Louis, the husband of Hortense Beauharnais, was King of Holland; Pauline became Princess Borghese; Caroline, wife of Joachim Murat, was on the throne of Naples; and Jerome was King of Westphalia. Joséphine Beauharnais, who certainly was not a descendant of princes, had three children enthroned—Eugène, Viceroy of Italy; Hortense, the wife of King Louis of Holland; and Stéphanie, Grand-Duchess of Baden.

Napoleon had forced Russia to enter the Continental System against England, and the Treaty of Tilsit compelled the Russian Empire to follow France and to sever all commercial intercourse with England. The Czar Alexander, who had at first observed the treaty although it was ruinous for his people, subsequently allowed his subjects to renew commercial relationships with England. Napoleon, who already had personal reasons for resentment against Alexander, threatened Russia and subsequently involved himself in that terrible adventure which brought about the collapse of the French arms. After the battle of Leipzig (October 16-18, 1813), which was decisive for the armies of France, Napoleon witnessed the setting of his fortunes. Finally, after a series of reverses, the Russian, German, and English armies

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obtained the upper hand, and, on April 11, 1814, Napoleon was forced to abdicate and to disappear into retirement, contenting himself with the sovereignty of the island of Elba. But on March 1, 1815, Napoleon, having escaped from Elba, landed in France and tried again the hazard of war, until, beaten at Waterloo, he was compelled to abdicate for the second time and to end his life at St. Helena.

The Congress of Vienna (October 3, 1814, to June 9, 1815) laid the foundations of what was afterwards the Treaty of Paris of November 20, 1815, known as the Treaty of the Holy Alliance.

Never could every form of reprisal, every effort to dismember France, every attempt to humiliate her, tempt the minds of the victors as much as it did then. Russians, Germans, English, Italians, etc., were occupying the territory of France. Napoleon had insulted all the princes, broken down nearly all the dynasties, and stained almost the whole of Europe with blood, in pursuance of his dream of fashioning an empire greater than that which had been the object of Caesar or Charlemagne. All France was with him in an ecstasy of grandeur and dominion. If a few of the old republican spirits had, without ever showing it to any great extent, tried to resist, the whole people had followed Napoleon with a delirious enthusiasm.

All the countries of Europe had had to suffer the greatest humiliations and tremendous losses. Great Britain, although Nelson had led her to victory on the seas, in order to hold out had been forced to undergo the greatest privations and the greatest perils. Several times, and for several years, not only had her transport

and her commerce been ruined, but her very existence had been threatened. The German States and Austria, in addition to great military losses, had suffered immense economic losses. Italy, Spain, Holland, and other countries had been compelled to accept foreign dynasties, and, as their sovereigns, people of humble origin, of whose very names, one can say, no one had heard a few years previously. Russia had had to endure a terrible war, and, in order to resist, had perforce to resign herself to the destruction of her territories and the burning of Moscow. Napoleon disposed of the property and the liberty of the vanquished in all directions, laid the conquered under tribute, and compelled them to fight against their own interests, often, indeed, against men of their own race.

The catechism of the Empire contained the affirmation of the most absolute power. Speaking of the duties of the subject, it said: "We particularly owe to the Emperor respect, obedience, fidelity, military service, and the taxes instituted for the defense of the Empire and its throne. . . . To honor and to serve our Emperor is therefore to honor and to serve God himself. Those who fail in their duties towards our Emperor will make themselves worthy of damnation."

Never perhaps did Germany, during her period of victory from 1815 to 1914, rise to this degree of imperial and imperialistic exaltation.

By September, 1805, Napoleon had summoned to the colors 2,113,000 men—an enormous figure for those times and in view of the population of Europe as it was then. But Belgians, Dutchmen, Westphalians, Hanoverians, inhabitants of the Rhine provinces, and of

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the Hanseatic cities, Swiss, Piedmontese, Romans, Croats, Dalmatians, etc., were considered as subjects of the Empire, and, by means of conscription, were compelled to take part in the imperialist adventures of France. Further, in the greatest expeditions, the vassal-states and even the allied States were compelled to send their contingents, and Saxons, Prussians, Austrians, Bavarians, Wurtembergers, Poles, Neapolitans, Spaniards, etc., found themselves in company.

War was the normal condition of the Napoleonic Empire, and war with England was based on perseverance and persistence above everything. When nearly all the nations of the Continent had been confronted or reduced to submission, Napoleon was confronted with the problem of England, against which he had established the continental blockade. It was a question of seeing which of the two great opponents could hold out longer and compel the other to surrender; whether England would yield to the continental blockade, or France to the blockade of the sea.

One can easily understand what rancor against imperial France must have existed in the minds of most of the people, and certainly of all the surviving Sovereigns of Europe, and what hatred in the Russians, the Germans, the Spaniards, and the Italians.

The rising of the German peoples in 1813, the war of German independence, and the coalition of Russia, Prussia, and Austria with England, to cast off foreign domination, were spontaneous assertions of the national spirit, a reawakening of deeply outraged and tortured peoples. When, in April, 1814, Napoleon was compelled to abdicate and the imperial edifice began to crumble, the

victors had to attend not only to the restoration of the conquered nations, but also to the task of placing France in such a position that she could no longer be a danger. The victors, however, contented themselves with sending Napoleon to the island of Elba, putting him at the head of a little kingdom. Having restored the monarchy in France on a constitutional basis, they fixed the general conditions of peace by the treaty signed at Paris on May 10, and assembled at the Congress of Vienna, which commenced its labors in the October of the same year. Now, at the Congress of Vienna, not only was France not excluded, but she was represented by Talleyrand, the most skilful of diplomatists, who was able to exercise all the resources of his formidable intelligence and of his still more formidable astuteness.

At former congresses, as at Vienna after the fall of Napoleon, none of the victorious Allies ever thought seriously of dismembering France, although there were deep and not unjustified motives for hating her. The allied Powers, combining the objective of the security and future independence of Europe with the desire of seeing France replaced in a state of possession analogous to that which she had always occupied in the European political system, confined themselves, with minor exceptions, to reconstructing the France of 1792. The kings who had been deposed were put back on their thrones. Of those rulers who had been appointed by Napoleon, one or two, among those whose demeanor seemed least likely to cause a breach of the peace, were retained. All the States of Europe were to emerge from their vassalage. But England restored to France almost all her colonies, and imposed upon her no limitation, no

restriction, and no obstacle, whether by land or by sea.

Napoleon's flight from Elba, the military adventure of the Hundred Days, and the ease with which Napoleon had been able to lead the French people into another war were the cause of further and justifiable alarm to all the representatives of the nations assembled at Vienna. France therefore obtained less favorable conditions than those she would have had without Waterloo, and thus the Treaty of Paris of November 20, 1815, was brought about.

Those who drew up the treaty were men of the old school. The treaty, in fact, opens with the words "*Au nom de la très sainte et indivisible Trinité.*" But the moral greatness of those men, and the nobility of their ideas, so far surpass the covetous designs, the plutocratic greed, and the demagogic skepticism of the men who made the treaties of 1919 that, compared with them, they seem the representatives of a higher civilization and a nobler period of history.

When the treaty was drawn up, France was not in a condition to offer any further resistance. Napoleon had been sent to St. Helena. The victorious armies were at Paris, and the soil of France was occupied by 850,000 allied troops. The occupation was in the hands of England and Prussia in particular. The Prussians, commanded by Blücher, were mindful of the wrongs they had suffered and were inclined to exact reprisals. The English were under the noble command of the Duke of Wellington, who renounced all vengeful acts and knew how to prevent them. When the Prussian officers wanted to destroy the Vendôme Column, which recalled their defeats—just as the victorious French, passing through

Germany, had thrown down the column of Rosbach—and when they wanted to destroy the bridge of Jena, which recorded a disaster to the Prussian forces, the Duke of Wellington would not tolerate any offense to French sentiment.

The Treaty of Paris has twelve articles only, while the Treaty of Versailles has 440 articles, besides the numerous appendixes which are an integral part of it. The Treaties of 1919 and 1920 with the other defeated States, Austria, Hungary, Bulgaria, and Turkey, are also large volumes.

In the preamble to the Treaty of Paris of 1815 the allied Powers declared that, as the success of their arms had preserved France and Europe from the subversion with which they had been threatened by the last attempt of Napoleon and by the revolutionary system introduced into France, they intended to bring France back to the relationships of trust and reciprocal good-will which the system of conquests had for a long time disturbed. Persuaded further of the duty of demanding just indemnities for the past and guarantees for the future, they drew up the twelve articles, the principal clauses of which can be briefly summarized. The frontiers of France were fixed, with some small modifications, to remain where they were before 1790. The forts of Hüningen were to be dismantled. France was compelled to pay an indemnity of 700 million francs, in the manner and form decided by a special convention (Art. 4). On account of the state of unrest and ferment in which France was involved, it was agreed that there should be on her territory an army of occupation of not more than 150,000 men. The maximum duration of the occu-

pation was fixed at five years (Art. 5). The decisions of the Treaty of Paris of May 30, 1814, and the last act of the Congress of Vienna of June 9, 1815, were recognized and confirmed. With few exceptions, England restored all the French colonies.

The Congress of Vienna aggrandized the colonial power of England. Eastern Europe was restored almost completely to its condition at the end of the eighteenth century. Russia obtained a stronger position in the East. Italy returned almost entirely to its prerevolution condition. Belgium was reunited to Holland. A new German Confederation was formed, which was the first step towards unity. All the other arrangements of the Congress of Vienna are so well known that it is not worth the trouble of detailing them here.

There was, in the chief sovereigns of Europe, as it were, a religious spirit of peace, a feeling of abhorrence of violence. Alexander I of Russia was a mystic, Frederick William III of Prussia a pietist, and Francis I of Austria a deeply religious man.

When the Holy Alliance was established the three sovereigns who framed it made a declaration, promising that, acting in conformity with the resolutions of the Holy Alliance, which commanded all men to love one another like brothers, to remain united in the bonds of a real and indissoluble fraternity, and to help one another, they would govern their subjects as fathers govern their families; that they would uphold religion, peace, and justice; that they considered themselves as members of one single and identical Christian religion, as rulers charged by Providence with the direction of the branches

of a single family; and they invited all the Powers to acknowledge the same principles.

The notable fact about this is that three sovereigns, who represented Orthodoxy, Protestantism, and Catholicism, abandoned all differences of form and declared themselves united in one and the same mystic and religious faith, in order that they might work together in the noble cause of peace. Even though the Pope did not take part in the Holy Alliance on the score of orthodoxy, and England on account of her political constitution, the attempt was none the less a noble one. It is true that it was a matter of agreements between sovereigns; but those sovereigns represented great nations.

One of the greatest historians of modern France, Albert Sorel, while criticizing the work of the Congress of Vienna, acknowledges without reserve the immense influence for good that it has exerted on the peace and prosperity of Europe. "However incomplete its ideas may appear," he writes, "however empirical, arbitrary, and even injurious some of its applications may have been, the Congress of Vienna gave Europe, none the less, the longest and most fruitful period of peace and civilization that she has enjoyed since that time."

Although almost the whole of France had taken part in Napoleon's ascendancy and in his domination of Europe, there is no trace of hatred in the treaties, but merely a desire to annul Napoleon's work.

Lord Castlereagh, the Foreign Minister of Great Britain, explaining the objects of the treaties in the House of Commons, stated that their sole aim had been to demolish the military despotism which Napoleon had

succeeded in creating. "The only question," he said, "is to decide whether a civilizing and moral principle shall govern the world, or whether it is to be ruled by military despotism. The Allies have not even thought of reducing France territorially. That would only create a spirit of revenge."

The indemnity of 700 millions was such as France could pay quickly and without very serious difficulty. In two years, in fact, in 1816 and 1817, she freed herself entirely from the debt. Further, France asked that the military occupation of five years should be reduced. After negotiations carried out with much equanimity, particularly on the part of Czar Alexander, all the armies, the maximum duration of whose occupation had been fixed, left France at the end of 1817.

Imperial France had invaded almost all the countries of Europe, had destroyed all national Governments, expelled ancient dynasties, and caused the deaths of millions. She had raised Napoleon's relatives and confidants to the dignity of kings and princes. She had ruined the finances of almost every country. She had forced them all into lengthy wars, and had threatened the very existence of England. Yet the victors inflicted on her no greater penalty than the restoration of her prewar boundaries, a moderate indemnity, and a brief military occupation.

More important still, her good relations with the victorious countries were restored; her armaments were not limited; she was bound down by no restriction or control; and she quickly recovered her great position in international politics, hand in hand with her enemies of yesterday. On the very morrow of her defeat she was

able to conclude alliances with Russia and agreements on the Eastern Question with England.

The countries of the Entente had, before their victory of 1918, solemnly pledged themselves to the application of the principles of self-determination, nationality, and equality between victors and vanquished. Germany was to restore only the territories she had taken in 1870. A Poland was to be constituted out of the peoples who were undeniably Polish. Austria-Hungary was to rectify her Italian frontier in accordance with clearly recognized lines of nationality. The peoples of Austria-Hungary were to be assisted in finding means to establish the freest possible scheme of autonomous development. All the other pledges are too well known to need repetition.

Let us summarize the results of the treaties of 1919-20 compared with those of 1814-15. But first it is well to note that Prussia defeated Austria in 1866, demanded no indemnity, did not require a military occupation, and even avoided any humiliation of the defeated country. In 1870 she defeated France, and demanded two unjust conditions—the surrender of Alsace-Lorraine and an indemnity of five milliards. But the indemnity was one that was immediately paid, and the military occupation was a brief one. Further, Prussia did not demand from vanquished France her colonies, her fleet, her transferable wealth, or her foreign credits. Above all, she imposed no control, and no limitation of armaments by land or by sea. When France had paid her indemnity, she was at once free in all her movements.

The treaties of 1919-20 have a common characteristic—a spirit of hatred, together with a desire to destroy the vanquished, by means of impossible conditions. They

have also another feature in common—to represent the vanquished as solely responsible for the war, and the victors as men of peace, who introduce every treaty with that ironical document known as the pact of the League of Nations. If the treaties are, as Clemenceau has explicitly stated in the French Chamber, nothing but a method of continuing the war, the pact of peace which precedes them is not only a piece of irony, but also an insult to the conquered.

The Treaty of Versailles was signed by the allied nations (twenty-seven in number) on the one hand, and by Germany on the other. In all the peace negotiations, Germany was never listened to; but she was compelled to sign. In 1814 and 1815, first Talleyrand, and then the Duc de Richelieu, negotiated cordially with the victors.

After the abdication of Napoleon the victorious nations of 1814 showed no hatred against France, although she had for a long time dominated and offended so much national feeling and so many national interests. When William II abdicated, and a democratic constitution was established in Germany, the hatred of the victors became all the more fierce, so much so as to inflict the cruelest outrages on the sentiments and the dignity of the German people.

Article 231 of the Treaty of Versailles states that the allied and associated Governments declare, and that Germany acknowledges, that Germany and her Allies are responsible for all the losses and all the injuries undergone by the allied and associated Governments and their subjects in the war, which was brought about by the aggression of Germany and her Allies. Article 227

declares that the allied Powers publicly accuse William II of Hohenzollern, ex-Emperor of Germany, of supreme violation of international morality and of the sacred authority of treaties. Now, in 1814 the victorious States, although they exiled Napoleon to St. Helena (but only after he had broken his last agreements and had fled from Elba to renew the war in Europe), did not think of compelling France to declare herself guilty of all the wars or all the damage. It cannot be disputed that Napoleonic France had willed and had provoked all the wars and had thereby brought about all the losses and all the damage; but no one thought of imposing on vanquished France an offensive and superfluous admission of her errors.

France in 1815 was reduced to her prewar boundaries. Germany and the conquered nations in 1919 were deprived of national territories which had belonged to them for hundreds, even thousands of years, and which were entirely German, Hungarian, Bulgarian, or Turkish. There was no criterion for this but the rights of the victor. Everyone was convinced that Germany would give back Alsace-Lorraine; no one thought of more than that. Yet, with no justification whatever, and often without any request from the countries to which the territories were allotted, Germany was mutilated, although at the same time care was always taken to respect principles in the letter, or at least to declare respect for them. Neutral, Preussich Moresnet, and Eupel Malmédy were awarded to Belgium, perhaps on account of their wealth in forest-lands and zinc mines. They had always belonged to Germany, and, with some very small exceptions, they were entirely German-speaking. As a

referendum would undoubtedly have been favorable to Germany, there was instituted a right of protest which, in the art of trickery, has no precedent in history. The Belgians prepared two lists, and the inhabitants had the right of entering the names on one of the two. It is obvious that every free expression of opinion was barred.

The Saar is a completely German territory, in which, out of 800,000 inhabitants, there were scarcely a hundred Frenchmen. France demanded its annexation pure and simple. It was only after a compromise that she obtained the cession in perpetuity of the mineral basin, as compensation for the ephemeral damage caused by the Germans to the mines of the Pas-de-Calais. No territory is more German than the Saar. None the less, it has been placed under the administration of the League of Nations, practically of France. The inhabitants, in fact, have been cut off from Germany, and, in fifteen years' time, a referendum will be taken to discover whether the inhabitants of the Saar wish to form part of Germany or of France.

Although no territory which was not really and undoubtedly Polish was, according to Wilson, to be allotted to Poland, yet Eastern Prussia has been divided into two parts; the city of Danzig, torn away from Germany, has been placed under the control of the League of Nations; and Poland has been connected with Danzig by a corridor whose sole function is to divide Germany into two parts. Practically three million Germans have been handed over to Poland. Twenty-one districts of Western Prussia and the southeast corner of Eastern Prussia have been severed from Germany and have been passed on to Poland without a referendum,

in order to form that corridor, which is the greatest economic and political absurdity of any in modern history.

Before the war, no one had ever heard of the district of Memel. Since the war, Lithuanianism has been discovered, and Germany has been forced to cede all her rights and claims over the territories bounded by the Baltic Sea, the northeast frontier of Eastern Prussia as marked out by the treaty, and the former Russo-German frontier.

As the result of a referendum, the greater part of Schleswig has been allotted to Denmark, the remainder to Germany.

It would have been a very serious matter to separate Upper Silesia at once from Germany. A wholly German territory, with immense mineral wealth, was at stake. The question of Upper Silesia was therefore submitted to a referendum. When the referendum resulted in Germany's favor the territory was divided arbitrarily between Germany and Poland, in violation of the very resolutions of the Treaty of Versailles. This act was committed in accordance with a forced interpretation of an instruction contained in the appendix to the treaty, regulating the procedure of elections.

After the Congress of Vienna and the Treaty of Paris the victors of 1815 gave back to France her colonies, with few exceptions. By the Treaty of Versailles all Germany's colonies have been taken from her. Not even the private property of German subjects has been respected, and the German colonists have been everywhere ejected. Germany had never thought of making war on China or Siam. But even China and Siam, which

declared war at their own wish, have been permitted to seize the property of the Germans as spoils of war, and Germany has been forced to lose everything that had been established by former treaties. She has likewise been forced to surrender all her rights in Morocco, Siberia, and other States.

When Napoleon commanded France in her hour of victory he had led his conquering armies everywhere, and had encamped in the greatest capitals. After his first abdication, he was able to equip another large army to renew the war. The victorious nations of 1815 did not think of depriving France of her fleet, or of disarming her for the sake of future security. When the Government of France was changed, they contented themselves with a brief military occupation, until the new Government was firmly established; but they did not demand disarmament. In pursuance of the Treaty of Versailles, all the conquered States have been compelled to forgo armies of any kind for a considerable term, and have had to surrender their navies to the victors. Germany has no longer an effective army. On the other hand, the victorious countries have enlarged, and some have even doubled, their armies, and have augmented their navies.

Germany has been forced to yield almost all her transferable wealth, her foreign credits, her commercial organization. This deed is without parallel in modern history, and there is no polite expression that can aptly describe it.

All the fortifications of the Rhine have been dismantled, all military operations stopped, and the occupation of a large stretch of territory has been fixed for fifteen years, and until such time as the treaty is

fulfilled. But, as the requirements of the indemnity, disguised as a claim for reparations, are unlimited, and therefore cannot be carried out; the occupation, which has already lasted four years, threatens to be prolonged indefinitely. The cost of the occupation has, up to the present time, risen to a sum which, expressed in gold, is greater than that which France had to pay after the war of 1870; and, for the first time in history, the conquered people of one of the most civilized countries of the globe have had to endure the outrage of the introduction into their cities of black and brown troops of Africa.

When France was vanquished in 1815 she underwent no internal subjugation. In 1919 a Reparations Commission was created, to impose an indemnity which no one, on account of its absurdity, has ever dared to define, and which, when its amount was declared, seemed a violation of all logic. This Commission has sovereign powers in Germany. It can invade all administrative affairs, modify laws and regulations, and dispose of all the resources of Germany at its pleasure. Germany, in fact, is no longer a sovereign State, and cannot be, so long as the occupation of the Rhine and the Reparations Commission continue to exist.

Millions of Germans have been handed over to the victorious countries, and even to neutrals and new States. Germany has been compelled to acknowledge the validity of all this, even for Czecho-Slovakia and Poland.

Germany has had to surrender, in addition to the greater part of her resources, practically all her transferable wealth in foreign countries, all her credits and her foreign property, and to accept the control of all her means of communication. Although she has lost

her greatest mineral resources, her best territories, and, above all, the granary of Posen, and although she has lost her organizations, she has been condemned to pay an indemnity which, as everyone knows, cannot be paid; and, to ensure the payment of the indemnities she has been compelled to support a foreign army, in whose ranks are representatives of barbarian races.

With German Austria reduced to a population of six millions, including a capital of two millions—reduced, that is, so that she could not live—it was necessary to give the appearance of not violating the principles of nationality and self-determination. As Austria is entirely German, she ought to be free to unite with Germany. If she had been left to her own decision there is no doubt that she would have acted in accordance with national tendencies. In order not to place a veto on Austria, a veto was placed on Germany. Austria, it was admitted, was free; but Germany, in accordance with Article 80 of the Treaty of Versailles, must respect Austrian independence at all costs; and this independence, according to the League of Nations, is inalienable. Now, since the decisions of the League of Nations, in order to be valid, must be unanimous, and since France, as was but natural and right, was opposed to the union, Austria, therefore, could not unite with Germany, and the principles of nationality and self-determination were simply a sham.

All the conquered countries, Austria, Hungary, Turkey, and, to a lesser degree, Bulgaria, are in a position no better than that of Germany. The principles of nationality have served merely as a pretext to ruin conquered peoples, and the principles of self-determination have hardly ever been respected.

Clemenceau declared explicitly in the French Chamber that the Treaty of Versailles is a method of continuing the war. There are at least twenty million more Germans in the world, and Germany, in spite of the solemn pledges that marked the declarations of the Entente, is not only to be vanquished, but ruined and debased also.

Two thousand years ago victors, whether Germans or Gauls, Ariovistus or Vercingetorix, spoke frankly. They too invoked the rights of victory; they did not, however, talk about principles, about nationalities, about liberty, or about self-determination. They declared plainly that they wanted to plunder the vanquished, to dispose of their goods and of their women. When Julius Caesar asked Ariovistus, as a condition of peace, to deal honestly and justly with the Aedui, as friends of the Roman people, Ariovistus answered plainly that the rule of war was that the victors should deal with the vanquished as they wished (*"jus esse belli qui vicissent iis quos vicissent, quem ad modum vellent imperarent"*); rough yet sincere language that sanctions the rights of the victor.

In comparing the treaties of 1814-15 with those of 1919-20, or the Congress of Vienna of 1814 with the Paris Conference of 1919, or the Treaty of Paris with the Treaty of Versailles, one is overcome with sadness. The men whom we have been accustomed to regard as the mouthpieces of the past, the sovereigns by divine right, the ministers of absolutism, the diplomatists of the old school and the old spirit, such as Metternich, reveal themselves to us as men encircled with moral nobility and political grandeur, compared with those who, a century

later, declared, in the name of the Entente, that they represented democracy and civilization. What a difference there was in their sentiments! There was then no hatred toward the vanquished, from whom all the acts of violence and injustice had come, no unbridled greed; but a firm desire to restore peace with justice, an almost anxious solicitude to avoid fresh wars and fresh failures.

Thus, a century later, Europe appears not only morally debased, but so far removed from the Europe of that time, so far inferior, that one cannot conceive how so great a decadence has been possible. The new democracies reveal themselves to us as greedy, corrupt, and afflicted with external idealism and internal greed. As Lloyd George once said, they look like Bayard and act like Shylock, incapable of practicing any kind of warfare but violence and intrigue. Europe has taken a big step backward in the path of civilization, as is shown by the fact that, while the treaties of 1815 gave Europe a long period of civilization, of order and prosperity, the new treaties have overturned all the nations, shattered economic solidarity, and severed the ties which centuries of common effort had forged. The new treaties, with their ever-swelling armies and ever-increasing distrust, are laying the foundations of a future which will be lamentable for the vanquished but no less threatening for the victors—unless they learn how to turn back from their fatal descent towards the abyss, to the brink of which the theory of violence has led them.

CHAPTER II

THE TREATY OF VERSAILLES AS A METHOD OF CONTINUING THE WAR. INDEMNITIES DIS- GUISED AS REPARATIONS

IN the course of a few years Europe has become to a large extent Balkanized, and every day it shows signs of decadence.

Europe used to be a living economic unity, and in the large States of which it was composed before the war production had a constant tendency to organize itself in the form of large industries. An ever-growing exchange knit all countries into a more and more compact whole.

The war destroyed perhaps thirty million men and enormous quantities of wealth. But an even greater amount of wealth has been destroyed by the peace, which was conceived in hatred as a method of continuing the war and of goading the conquered peoples to those forms of disorganization which bring inevitable ruin. The peace, perhaps, will kill more men than the war.

The States of Europe have considerably increased in number. The territory of the former Russian Empire is a mass of disordered humanity. Customs barriers and monopolies of raw material are rising everywhere, and trade is everywhere in disorder. The German Empire, once the great driving-power of the life of Europe, but now humiliated, controlled, and deprived

of all its best resources, is striving desperately against external disintegrating forces, in order that it may hold out and live.

Continental Europe is now a reproduction of the Balkan peninsula on a large scale. Vast dreams of dominion and programs of violence coincide with a continued economic decline. None of the continental States which have emerged from the war has public finances that inspire confidence in the future. Since all the States are in a chaotic condition, and are all spending more than before the war—not in absolute figures, but in relative figures, taking the depreciation of money into account—they are all therefore suffering from a progressive decline; their currencies are depreciated, and tend to depreciate still further. Even if the situation of the vanquished is very bad, and for some countries disastrous, the situation of the victors is getting worse every day. But, in proportion as the situation gets worse, it is asserted that the financial and economic recovery of the victors can come, not from their own efforts, or at least not entirely from their own efforts, but, above all, from the efforts of the vanquished.

Europe is a small continent, covering little more than four million square miles. But, even though it is small, it is densely populated, and, notwithstanding the losses of war and the ruin brought about by peace, it has at least 476 million inhabitants. Europe is only a little larger than the United States of America. But, whereas the latter form a single economic unit and employ their resources to the greatest possible advantage, Europe is afflicted with a large number of States, which have been multiplied by the peace-treaties and have no security of

territory, of peace, or of finance. Many countries are striving to ruin other countries, and to drain them of their wealth and of their labor. And, now that theories of violence are widely diffused throughout each country as a legacy of the war, many classes of society and violent individuals find it better to appropriate the wealth produced by other people than to work themselves. Nations which cannot find peace abroad cannot find it at home.

For a hundred and fifty-nine years there has been published at Gotha, in Germany, that almanac which is known as the *Almanack de Gotha* and which is the indispensable vade-mecum for all politicians and diplomats. The annual volume consists of a genealogical, diplomatic, and statistical summary, and indicates, in all the barrenness of names and figures, all the changes that have taken place in all the States of the world during a century and a half.

It is therefore of considerable interest to compare the volumes published before certain great events with those which have followed them. Comparing the Almanac of 1914 with that of 1922, we are confronted with certain considerations, the gravity of which cannot fail to strike us.

In 1914 there were in Europe, including the federated countries composing the German Empire, fifty-seven States. There are now, as a result of the Great War and the subsequent treaties of peace, no less than seventy-three. This figure, however, is an under-statement of the truth, for the Almanac does not count certain newly formed States which are not yet clearly defined. On the other hand, while in 1914 there were forty-one reigning families in Europe, there are now only seventeen. At

least three-fifths of the reigning families have been overthrown by the whirlwind of war and revolution. Not counting singly the federated countries of Germany, but counting Germany as one State, there were before the war twenty-five States in Europe, including Andorra, San Marino, Lichtenstein, and Monaco. In reality, one may say that there were about twenty sovereign States in Europe. There are now perhaps thirty-five. But it is very difficult to say whether Russia is really one State, whether there are two (Russia and the Ukraine), or whether there are even more. There are therefore new causes of disintegration among peoples which had scarcely been united, and which now tend again to disruption.

The men who were responsible for dragging Europe into war believed in good faith that an inevitable result of the conflict would be the growth of the imperial spirit and the development of dynastic sentiments. On the contrary, the three greatest monarchies of continental Europe have been overthrown, although the monarchies of the Hohenzollerns, the Hapsburgs, and the Romanoffs were considered firm as granite. The war has destroyed the very foundations of every traditional power, and not a few of the surviving monarchies stand on quicksands. In Great Britain and Italy more solid monarchies exist. Their strength and their prestige lie in their being profoundly democratic, and in their ensuring all the advantages of a republican government without the acts of violence which, in some republican States, mark the transference of power from one party to another.

During the war it used to be said among the western

democracies that, after the war, there would be a just peace; and that the war was not between peoples, but between governments. The reduction of armaments was promised by all.

On the contrary, when war was concluded, fearful conditions were imposed on the vanquished, in violation of all the former pledges; an explosion of nationalisms old and new took place, a revival of ancient hates. Not only were large tracts of territory torn from the vanquished, without any necessity, and in violation of all principles of nationality and self-determination, but there was also an imposition of impossible conditions and enormous payments, which, as all whose minds are not darkened by prejudice and ignorance know, cannot possibly be fulfilled. There are now many more men in arms in Europe as a whole, than there were before the war. France alone, in spite of her financial and demographic difficulties, maintains, to oppose unarmed men, a standing army which has no parallel in size in modern history, and which is considerably larger than any that Germany had in the time of her greatest power and when she was most accused of imperialism.

The fundamental cause of the disorganization with which the whole of Europe is affected lies in the stratagem of the reparations. It is therefore necessary to deal fully with this matter.

Among the great States of which the Entente was composed there is now no alliance. One continues to speak of the alliance and of the Allies, but it is merely a verbal expression, for there is no longer an alliance, but merely a common interest in the application of treaties. Since the time when the Senate of Washington,

with profound political wisdom, refused to confirm the Treaty of Versailles, the United States, once the great associates of the Allies, have drawn on one side, and look on as spectators of the European convulsions. Japan, which was practically a belligerent neutral, having obtained the greatest possible advantage with the minimum of exertion, is waiting for her development in Asia, even though she is in economic difficulties. Russia has fallen, and the efforts of her former Allies have been against her rather than for her. Whatever be the issue of events, many years and great efforts will be necessary before she can emerge from her present condition of poverty and depression; and that cannot happen without the coöperation of Germany.

There is no alliance between Great Britain, France, and Italy. On the other hand, there is an alliance between France and Belgium, which has now become a military nation. All the great victorious countries, however, have different designs, and go each their own way.

Even if there is no alliance, there is, however, a common aim, determined by the treaties, and by the Treaty of Versailles in particular.

First of all, the Treaty of Versailles decided that the vanquished are solely responsible for the war (Art. 231). Germany, therefore, having caused the war, is responsible for all the losses and all the damage suffered by the allied and associated Governments and their subjects, as a result of the conflict forced upon them by the aggression of Germany and her Allies.

This assertion is a new one in the history of treaties. It is, above all, ridiculous, in that the victor can always find means to make the vanquished declare that he alone

is responsible for the war: it has therefore no theoretical value. Its sole object is to declare (in Art. 232) that the allied and associated Governments recognize that Germany, in view of the losses defined by the treaty, is not in a condition to repair the whole of the losses and the whole of the damage. But the allied and associated Powers want Germany to pledge herself to repair all loss and damage caused to their civil populations and their property during the war. Germany and the vanquished countries must, in a general way, answer for all the damage detailed in the first rider to Article 232.

Let us leave on one side all discussion as to the origin of the war. If the greater part of the responsibility for it lies at the door of Germany, all the States are responsible for part of it at least, as Lloyd George has acknowledged. It is obvious that, in the Treaty of Versailles, the statement of moral responsibility (Art. 231) has no historical value, but is employed merely to enforce recognition of financial obligation (Art. 232). The discussions which have taken place in the American Senate, the important declarations of Senator Johnson, and the extent to which Baruch, without committing any indiscretions as to the internal actions of the Paris Conference, has written on the subject, all show how much the American point of view differed from the French, and how the formulas which were adopted have been nothing more than the result of a series of deliberate artifices.

I have shown in *The Wreck of Europe* (Chapter III) how the whole matter of reparations sprang from the fact that, at the request of Clemenceau, the representatives of the various nations assembled at Paris in

November, 1918, to fix the conditions of the armistice introduced the phrase "reparation of damage," to cover an indemnity.

In no declaration of the Entente had reparation of damage ever been mentioned. Wilson in his Fourteen Points had spoken only of the reconstruction of the invaded French territories, of the reconstruction of Belgium, and of the restoration of the occupied territories of Serbia, Rumania, and Montenegro.

The phrase, "reparation of damage," was inserted in the armistice conditions without considering the consequences in any way, and only because the French Government made it a question of public opinion and of satisfying popular sentiment.

The Treaty of Versailles contradicted all previous declarations and pledges, declared Germany's moral responsibility, and, in consequence, fixed upon reparation for damage done.

The damage is specified in ten categories. They deal not only with the civil population, invaded territories, ill-treatment of prisoners of war, confiscations and fines in occupied territories, etc., but also with the cost of supporting soldiers' families in each of the victorious countries, pensions to war-victims and their families, subsidies, etc. It is therefore not a matter of "reparation of damage," but a real war-indemnity; and, although the formula about "reparations" has helped to establish precedents, the idea of an indemnity is so obvious as to leave doubt as to the real nature of Article 232.

The demand for repayment of pensions and subsidies to the victims of the war and to soldiers' families constitutes a claim which is unjust and contrary to the actual

demands of November 2, 1918. Furthermore, at least two-thirds of the claims on Germany are included in this absurd demand, which is contrary to all pledges and to all logic, even formal logic.

From the manner in which the treaty was drawn up two facts, which have made the disruption of Germany possible, are apparent:

(1) The indefinite amount of the indemnity. The Reparations Commission has, according to the treaty, the right to fix the amount of the reparations. The failure to discover any acceptable starting-point has placed Germany in the state of not knowing how long it will be before her efforts bring any practical results. From this there has resulted that state of disruption in which Germany has been deliberately placed. France was twice defeated—in 1815 and in 1870. On the first occasion, the victors demanded 700 millions; on the second, five milliards. The sums, although large, were such as would be paid with comparative ease. An indemnity seven, or even eight times greater, together with freedom in her own borders, would have allowed Germany to fulfil her obligations; whereas the indefinite nature of the indemnity, under the guise of reparations, has deprived Germany of all security of production, and has brought about that condition of acute crisis which is threatening to smother all her energies.

(2) The existence for an indefinite period of the Reparations Commission, and therefore of the army of occupation on the Rhine. The Reparations Commission is unparalleled in modern history for the enormous size, and, in certain aspects, for the extravagance of its undertakings. The Commission can only be dissolved when

Germany has fulfilled all the obligations of the treaty; and, as those obligations can never be fulfilled, the Commission can therefore never be dissolved. The Commission which, unless it decides otherwise, always deliberates in secret, is free to adopt all measures which it considers opportune. It has executive powers, which can be put into operation at once, without formality. The Commission has the right to control all the administration of Germany. It has the right to interfere in every detail of her economic and financial life, and can compel her to maintain in force, or to publish, all the laws, regulations, and decrees that may be necessary to ensure the full execution of the conditions of the treaty (Art. 241).

Actually, therefore, the treaty has aimed not only at obtaining indemnities under the guise of reparations, but has also determined to place Germany and the conquered States in a condition of vassalage for an indefinite number of years. According to Poincaré's theory, the military occupation was to end with the fulfilment of the treaty. Since that fulfilment is never to take place, because it is impossible, it is plain that nothing but the greatest vagueness governs relationships with Germany.

In all former wars the victors demanded an indemnity which was capable of being paid immediately or rapidly. It is natural that those who willed the war should be held responsible. For the first time in the world's history indemnities, euphemistically termed reparations, have been imposed in such a way that they must be paid not only by those who, on account of their tender years, took no part in the war, but even by those who, when war was declared, were still unborn, and even by their grandchildren. All this has not only thrown Germany and the

vanquished nations into great disorder, but has paralyzed all international trade, poisoned all international relationships, shaken the foundations of credit, and ruined, if not annihilated, all international solidarity. It is this subtle invention of reparations that is still poisoning the whole life of Europe, and which is throttling every form of energy and threatening to involve the whole Continent in ruin.

It will be well, therefore, to pass on to a careful examination of this terrible equivocation, which is drying up the very springs of the life of Europe, and which, unless public opinion is enlightened, and unless the United States and Great Britain quickly tread the path of reality, threatens to compromise the whole world, and to overwhelm and ruin the whole of the continent of Europe.

In my book on the *Wreck of Europe* I have already dealt at some length with the question of the "reparations for damage." I showed how the "reparations," by the introduction of war-pensions and subsidies, are nothing but a war-indemnity, more especially because these very expenses constitute the most burdensome part of the payments. I showed, too, how the whole subject was introduced into the peace-treaty quite incidentally and almost as a matter of condescension.

In view of all that has been published in Russia, Germany, England, and in France itself, it is henceforward nothing more than insincerity to declare that Germany alone is responsible for the war. All the belligerents have their share in the responsibility, and, even if the greater part of it falls on Germany, no country can declare itself free from blame.

One must go back to the treaties of 1814-15 in order

to estimate fully the decadence of Europe and the extinction of all moral prestige among the Entente Powers, which asserted that they were fighting for the triumph of right, civilization, justice, and the independence of the peoples. How often have we ourselves made those declarations, which now seem nothing but a bitter irony! The victors of 1815 did not accuse imperial France alone of imperialistic designs, although they found themselves face to face with a fact. Napoleon, by means of his French armies, had put almost all the sovereigns of Europe under his yoke, and very few of them escaped it. In order to aggrandize the French Empire, Germans, Frenchmen, Spaniards, Slavs, etc., had been compelled to render assistance and to take part in lengthy wars. Napoleon made kings and princes of members of his own family. There was no respect for dynasties, tradition, or nationalities.

To Germany, vanquished in 1918, nothing more was credited than intentions of empire and expansion—intentions which, moreover, were and are common to not a few of the victors. Germany had not, since 1870, defeated any nation in war, and had not even made war on anyone. But she was credited with possessing a desire for war and domination. The suspicion was justified, not only by the constitution of the German Government, but also by the increase in her army and navy; and, above all, by the coarse and violent language of the military party and its ill-starred leaders, and by the infatuated and insolent language, compounded of mysticism and brutality, of William II. But feeling towards Germany before the war was a mixture of jealousy and admiration. Germany surpassed all other nations in every

form of practical activity. It may be that, in the thirty years that preceded the war, she produced more great practical scientists than great thinkers, more men of action in practical affairs than men of liberal opinions calculated to raise a people which, in accordance with its traditions, continued to obey an inferior form of government. Yet she was none the less the country which was distinguished above all others in every form of vitality and expansiveness, and which all the world followed with preoccupied interest. At some future date the responsibility of the Germans who willed the war will be apparent in all its enormity, for Germany had no need of war. In her marvelous expansion in time of peace, she was the pride and the strength of Europe, and she contributed more than any other country to the progress of industry, science, and every kind of activity.

One cannot attribute imperialistic acts to Germany during the last forty years, but only imperialistic expressions and intentions. She did not dominate any European nations, she had annexed no territory, she had forced no German prince on to any throne. Still less had she invaded other countries, or compelled the armies of free peoples to struggle and to fight for the glory of Germany. No comparison is therefore possible with the Napoleonic domination, which did not exist merely in intention, but in fact.

The actual incident of Serajevo which brought about the war—the assassination of Francis Ferdinand, heir to the Austro-Hungarian throne, and of his wife, the Archduchess Sophia, by representatives of Panserbian secret societies which threatened the existence of the Austro-Hungarian Empire—if considered from a distance, now

that it is possible to discuss it more calmly, ought not to be considered as an isolated incident, but as part of a movement for the destruction of the monarchy. Austria-Hungary's ultimatum to Serbia was coarse and unjust; but Napoleon without hesitation, and for still less reason, deposed sovereigns and annexed States.

Now, after the fall of the French Empire, the sovereigns who had formerly been vanquished and humiliated did not put forward any of the unjust and impossible claims which the Treaty of Versailles has demanded. Neither did they demand indemnities too heavy to be paid quickly. The Germans and the other vanquished nations had paid to Napoleon, in contributions, taxes, and expenses for the maintenance of French troops, sums of money many times greater than that which they afterwards demanded as an indemnity.

At the Congress of Vienna in 1814, not only was care taken not to deprive France of any of her national resources, but a special Statistical Commission—a new institution for those times, and one which had a special importance—made a valuation of the agricultural and industrial situation, the power of production, and the vitality and capacity for development of each of the new States.

The European War was made inevitable, sooner or later, by the lack of unity between the three Empires of Russia, Germany, and Austria-Hungary, all three of which were in the power of a few irresponsible individuals; by the conflict between Russia and Austria-Hungary for the hegemony of the Balkans; by the cynicism with which Russia exercised corruption and instigated revolts; by the state of French opinion after

1870; by Italy's rash adventure in Libya; and by Germany's fatal error of aiming at the supremacy of the seas—a supremacy which England, quite rightly, could never tolerate, because, as she was an island-state, it threatened her very existence. To attribute all the responsibility to Germany is a gross breach of good faith and a violation of the truth.

But, as Article 231 of the Treaty of Versailles declares that Germany alone is responsible in every way for the outbreak of war, indemnities have been hypocritically disguised as reparation of damage.

With few exceptions, the leaders of European politics are almost entirely ignorant of economics. Many mistakes have received the rights of citizenship more through ignorance than through evil intention. If the public knew with what levity, with what fatuity, with what skepticism the greatest problems in the life of nations are so often discussed, they would not tolerate for long many of the very great blunders which now jeopardize the life of the world.

Let us now attempt to summarize the successive phases of the reparations question on the basis of the official documents:

(1) As we have already seen, in the declarations of the Entente and in Wilson's Fourteen Points there had been no mention of reparations, or of indemnities, but merely of the devastated territories. The idea of "reparation for damage done" was introduced deliberately when the preliminaries for the armistice were drawn up on November 2, 1918. It appears, from official reports of the meetings, that the idea was not well received at first—and it was not possible logically to consider it in

the terms of an armistice—and that it was inserted at the request of Clemenceau, merely out of politeness, without considering the consequences. On the fifth of November, however, the Prime Ministers of France, Great Britain, and Italy addressed a letter to President Wilson, the import of which was that the words “restoration of the devastated territories” signified “reparation for all damage caused to the civil population and its property by German aggression.” The absurd idea of placing war-pensions, and subsidies to the families of the soldiers of all the victorious countries, to the charge of the vanquished, and practically of Germany alone, was only thought of much later.

General elections were imminent in France and England, and a campaign was then decided upon, especially by France (followed afterwards to a large extent in Great Britain), to instil into the masses of the electors the conviction that the expenses of the war should be met by the vanquished. Some politicians of encyclopædic ignorance talked about the immense wealth of Germany, and of her almost unlimited ability to pay. Lloyd George, who, with his great intelligence, had no faith in illusions about indemnities, was, in the interests of his party, led on to make declarations which favored the same conviction. During the elections in England, Lord Cunliffe talked about an annual payment of 288 milliards of gold marks. When one reflects that all the exports of Germany had, in 1913, reached the total of ten milliard marks only, and that, before these export figures are reached, large figures representing imported raw-materials must also be taken into account, one sees what madness and what fanaticism overmastered the men who

prepared the treaties but did not prepare the way of peace, and what a tremendous responsibility is theirs in the face of civilization and history. It is plain from the official reports that, during the Paris Conference, when efforts were being made to discover whether the amount of the indemnity could be fixed, the English and French Prime Ministers agreed, as a compromise, to adhere to the demand made by the American representatives, of an annual payment of from eight to ten milliards of gold marks. But, at the end of 1919, after the Treaty of Versailles had deprived Germany of almost all her transferable wealth, had subjected her to very severe burdens, and had embarrassed all her productive power and her exchanges, the French Finance Minister, Klotz, calculated the total amount of the German indemnities, as defined by the treaty, at 375 milliards. Interest was to accumulate until 1921. After that year, Germany was to pay her debts by thirty-four annual instalments of twenty-five milliards each, of which 13,750 millions a year were to go to France!

In that immense folly which invaded the victorious countries after the war, some of them had the notion that, by exaggerating the indemnities, they would have a means of holding Germany in firm control, of degrading her, and of stifling her. In no other way can one explain how it was that, at the close of 1920, responsible ministers in France seriously demanded for France alone an indemnity of 218 milliards from the Reparations Commission—141 milliards for damage done, and 77 milliards for pensions. The French statisticians estimated the total wealth of France, in all kinds, before the war,

at not more than 250 milliards; and the devastated areas of France are but a small part of her whole territory!

But at the Paris Conference reason had no place; a simple plan of violence was adopted. I have already mentioned the sophisms which were employed during the Conference. "It does not matter," it was said, how much Germany *can* pay; it is sufficient to know how much she *must* pay. The *necessity* of her paying is absolute; her *capability* of paying is of importance only to enable the number of annual payments to be fixed. She can have thirty years, or more if necessary. We need not consider how much Germany is producing now, but how much she can produce under the stimulus of a military occupation. Her power of developing her technical organization is unlimited, and the calculations of the economists are wide of the mark. As no one can foresee what Germany will produce in thirty or forty years, it is better to consider the indemnity from the point of view of her future development. Germany must not be allowed to debate the matter." Finally, as they used to say at Paris at that time, "*elle ou nous*; if Germany do not pay, the Allies must pay, and it is better to secure oneself against danger in the future." I have heard all these fatuous remarks fall from the lips even of responsible men, and in moments of grave decision.

How was it possible to arrive at a logical solution, when the bases of their reasoning were so rotten, and when the masses were being made to believe that the finances would be restored, and the taxes lessened; that the war-debts, or at least a great part of them, would be paid, and raw materials obtained, merely by means of the German indemnity?

(2) While these enormous demands for indemnities were being proclaimed, Germany was being stripped of all her wealth which it was possible to transfer; her economic unity was being destroyed, her vast economic organization was being shattered, her productive power dislocated. As a result of the treaty, Germany has lost all her colonies, all her merchant fleets, all her foreign economic organization, her best agricultural and mineral lands, and her raw materials which were essential to the iron and steel trade, of which she held the primacy. She has been compelled to endure control of every kind, to hand over, when she herself was in need of them, enormous quantities of rolling-stock, of cattle, and of finished articles. She has been compelled to endure an army of occupation, composed of white men, of brown men, and of black men, and which has cost more than any other army in the world. At a time when demands for indemnities were at their highest, the most paradoxical situation was being produced.

As a result of the war, Great Britain is creditor to France to the extent of 557 millions sterling, to the extent of 476 millions to Italy, 561 millions to Russia, 94 millions to Belgium, 22 millions to Serbia, and 66 millions to Portugal, Rumania, Greece, and other Allied States.

The United States of America, through the same cause, are creditors to the extent of 4,277 million dollars to Great Britain, 2,977 millions to France, 1,648 millions to Italy, 349 millions to Belgium, 187 millions to Russia, 61 millions to Czecho-Slovakia, 26 millions to Serbia, 25 millions to Rumania, and 15 millions to Greece.

The exchanges and the monetary situation of France benefited during the war by the enormous expenditure

of the British and American armies. As a result of the war, she received enormous quantities of coal, rich territories, and great mineral wealth, besides four-fifths of the productions of the German iron-mines; and new and large colonies were added to her colonial empire, making it the most important in the world; and she came out of the war with a merchant-fleet larger than that with which she entered the war.

Italy acquired through the war only a few poor territories, owing to the fact that even the fortunes of such cities as Trieste were seriously compromised, after the fall of the Austro-Hungarian Empire, by the lack of a real hinterland.

Now, France and Italy found it impossible to pay, not only their debts, but even the interest on their debts. Great Britain has almost as many debts as credits. She is the sole country of Europe that, since the war, has shown a real grasp of her financial situation. She has preferred an acute industrial crisis and unemployment, rather than the bad money and the disorder in national finances which characterize the national balance-sheet of Italy, and still more that of France.

For Italy and France to pay, not the capital of their debts, but even the interest on it, would bring about the complete collapse of the lira and the franc.

Even the least experienced people can easily understand how absurd and immoral it is for the victorious countries to demand the payment of large indemnities by Germany unless they show that they can pay their own debts. It is impossible, without losing all reputation for probity, to be at the same time bad debtors and harsh and exacting creditors.

If the German indemnity, camouflaged under the name of reparations, were anything but a method strangling Germany, of drying up the springs of her prosperity, and of vivisectioning the German Empire, the absurd demands would have been abandoned by now, and a way would have been found of adjusting the debts and credits of the various countries, and of arriving quickly at a complete liquidation, which would allow the occupation of the Rhine to be removed, leaving Germany freedom of movement. But facts are valueless when politicians, swayed by hatred and misled by a lying Press (which is dangerous by its very ignorance), do nothing but misinterpret daily every clear vision of reality and every honest conception of social life.

(3) The Treaty of Versailles left unsolved the questions of the *total amount* of the German indemnity, the calculation of which was to be entrusted to the Reparations Commission (Art. 233); and the division among the allied Governments of the payments to be made by Germany. This opened a long series of further negotiations, which can be divided into two periods. In the first period, which extended as far as May, 1921, the governments tried to take the place of the Reparations Commission in fixing the amount to be paid by Germany, and the method of paying it. In the second period, the work was again entrusted to the Reparations Commission, composed generally of people who were not responsible politically, whose authority was slight, and whose ability was in inverse proportion to the enormous salaries which they received. In accordance with the Treaty of Versailles, the Reparations Commission, which has sovereign powers, and which can even modify the laws of

Germany, is composed of people who are responsible, for any act of omission in the discharge of their duties, only to the Government which has appointed them; and none of the allied Governments assumes responsibility for any other Government.

When the first madness had passed, when people began to see the ridiculousness of demands of 200 or 300 million gold marks, and when, at the Paris Conference, an offer by Germany of 100 milliard gold marks had been dismissed as too small (and this, too, was an absurd proposal), then reason began to reign. The victorious States, foreseeing a proportional reduction of their demands, had exaggerated them. France had demanded, without ceremony, more than the total amount of her own national income, according to the calculations of her most optimistic economists!

At the Conference of London (March, 1920), in which Lloyd George, Millerand, and I took part, the conflict between the two tendencies was apparent; but the idea of the *forfait* was brought forward, and the allied Powers agreed that they would no longer take the actual extent of the damage (including war-pensions and subsidies) as the basis of the reparations, but Germany's economic capabilities. This tendency was accentuated at San Remo (April, 1920), and at that conference (over which I had the honor to preside), although no agreement was reached between the Anglo-Italian scheme favoring the *forfait*, and the contrary French scheme, it was decided to discuss the matter with the German delegates, and the Conference of Spa was arranged. San Remo marks perhaps the first attempt to discuss the reparations problem more seriously.

(4) The conference at Spa was preceded by the Hythe Conference, at which the French Government on the whole acquiesced in the idea of the *forfait*, on the principle of a minimum yearly payment, which was to be increased side by side with the economic improvement of Germany.

At the conference which followed at Boulogne-sur-Mer (June, 1920), the project of basing payments on the *forfait* was agreed upon by the Allies more definitely. Commencing with May 1, 1921, Germany was to pay five milliard gold marks a year for forty-two years, plus an additional three milliards a year for the five years commencing May 1, 1926, with the further addition of four milliards for each of the remaining years. Germany was offered the opportunity of contracting loans under the most humiliating conditions and forms, viz., by depositing German bonds with the Reparations Commission. It was decided, in the main, to treat Germany not much better than Turkey. France and England published their agreement of December 15, 1919, by which they shared 80 per cent. of the German reparations between themselves, in the ratio of eleven to five. The announcement aroused the keenest opposition among all the other Allies.

Preceded by an assembly at Brussels, the Conference of Spa took place in July, 1920, and there the representatives of Germany and of the Entente met for the first time. The Germans put forward proposals which were quite reasonable, and which were based on facts; but they were put on one side. On account of the attitude of France, and the uncertain conduct of Italy, which after 1921 always followed an irresolute policy, no progress

was made. The three principles of the Boulogne project were crystallized—payment of annual instalments, opportunity for Germany to pay in advance, and opportunity for her to contract loans on the terms established. Germany signed the coal-protocol, by virtue of which the various allied States secured the supply of German coal at the rate of five gold marks per ton, the transaction being credited to the twenty gold milliards which were to be paid eventually in kind, in accordance with Article 235 of the Treaty of Versailles. The proportions in which the total reparations were to be divided among the Allies were fixed at 52 per cent. to France, who was to be debited with the value of the Saar mines; 22 per cent. to Great Britain, plus the privilege of being debited with the value of the German Navy, allotted to her at the price it would fetch in the English market, from British subjects only; 10 per cent. to Italy, plus 25 per cent. of the Austrian, Bulgarian, and Hungarian reparations—almost equal in value to that of the gold in the moon—together with the joint guarantee of Germany, with exemption from cash-payments for the Austrian Navy which had been surrendered to her, for the goods to be handed over with the annexed territories, and for the tax which was to cover the cost of liberating those territories; 8 per cent. to Belgium plus the priority of payment of two and a half milliard francs; .75 per cent. to Japan; .75 per cent. to Portugal; and 6.5 per cent. to the other Allies, of which amount 5 per cent. was by a subsequent agreement, on June 20, 1921, allotted to Yugoslavia. At the Spa Conference no attempt was made to discuss seriously the fundamental problem of the total amount of the reparations. They would not listen to Germany's demands,

or give the appearance of yielding on any fundamental question.

In France Poincaré carried on a violent campaign against all meetings of the Allies. His theme was that at every meeting the question of reparations was compromised; that it ought not to be mentioned, or at least to be mentioned as little as possible; and that the Reparations Commission alone should deal with the matter in each case.

Meetings of experts held at Brussels towards the end of 1920 produced no result, or at least their proposals received no practical support. The experts, starting with the figures agreed upon at Boulogne (for the reason that they were not authorized to provide any others), made the following proposals. Germany was to pay from 1921 to 1926 an average indemnity of three milliard gold marks; but that indemnity was to be apportioned in such a way as to allow less than the average to be paid in the first two years and more than the average in the last two, without defining in any way the payments that were to be made at the end of those five years. Part of the amount was to be paid in goods, not in money. The annual cost of the armies of occupation was not to exceed 240 million gold marks, and this sum was not to be added to the annual German payments, but to constitute a first mortgage on them. The allies were to abandon the claim that Germany should build steamships for them, and to abandon all demands for the delivery of a certain number of ships already existing in Germany. Germany, for her part, was to regulate her finances and her budget, and to allow the Allies to control her customs in case of non-fulfilment of her obligations.

These proposals were not put into practice. Meanwhile, moreover, a growing discord was apparent between the British and French points of view. Britain favored a just indemnity, which would allow Germany to live and to recover her productive power. France wanted the treaty to be applied in its entirety, so as to depress and dismember Germany. Italy, as I have already stated, had no decided course after June, 1920, but maintained an uncertain attitude, with the strange idea of representing (as she did also in the Upper Silesian question) a middle course between the English and French positions—an absurd and undignified line of conduct to follow, because, in a matter such as this, there can be no alternatives but those of destruction and reconstruction.

The proposals of the Brussels experts therefore were not put into operation, and the conference at Paris in January, 1921, confined itself (under the pressure of industrial interests) to excluding the idea of sanctioning payments in kind to any large extent, and modified the Boulogne program by establishing forty-two fixed annual payments rising from two to six milliards of gold marks each, together with forty-two annual payments equal to twelve per cent. of the value of the German exports, payable in gold. The project of depositing German securities as a pledge was abandoned, and it was proposed to issue Treasury-bonds to liquidate the debt.

As the German Government did not accept an invitation to London, the allied Governments, on January 3, 1921, sent the ultimatum which was followed by the occupation of three Westphalian cities on the right bank of the Rhine, and by the laying down of a customs-line

along the Rhine, between the occupied territories and the rest of Germany.

The allied Governments, considering, therefore, that every attempt at *forfait* had failed, handed back to the Reparations Commission the burden of fixing the manner in which the payments were to be made.

The occupation of the Rhine-cities was at the same time a useless violation of, and an act contrary to, the treaty, and to the very pact of the League of Nations. The French Government has maintained in reality that, as Germany possesses transmissible wealth, and has deliberately put herself in a state of being unable to make reparations, every Ally has the right to invade and plunder German territory, without being held to have committed an act of war thereby. But, as all the Allies coöperated in disarming Germany, and in making it impossible for her to offer any resistance, this claim, which is contrary to the treaty and to all international rules, places Germany completely in the power of France.

The ultimatum of London on April 3, 1921, was consequently a useless act of violence, and the occupation of Duidort, Ruhrort, and Dusseldorf on the right bank of the Rhine was a piece of mal-treatment, as unreasonable as pernicious, and contrary to the very Treaty of Versailles.

(5) Thus, after March, 1921, the reparations question entered on a new phase.

The German Government, desirous of coming to an agreement, put forward, on April 24, 1921, some counter-proposals, through the medium of the United States Government. These proposals declared that Germany was striving to offer a sum which, in the opinion of her men

who were most competent to judge, represented the utmost limit that her economic resources could support; and that she was therefore ready to acknowledge, as regarded reparations, a total debt of fifty milliards in gold which she offered to raise by every means in her power. She declared herself ready to let the interested Powers have the benefit of the eventual improvement in the economic and financial situation, consented to let the amount of the payments remain variable, and declared her willingness to assist in the reconstruction of the devastated areas with all her power. She further asserted her readiness to provide any material to the States concerned, and to render them any other service that might be possible, on a purely commercial basis.

Besides offering a milliard in gold, Germany declared herself ready, if the United States and the Allies wished it, to assume part of the debts due to America, but always if it were within the bounds of her economic capacity. Declaring herself ready to give every guarantee, Germany asserted that which is a fundamental truth—that her proposals could be realized only if the system of penalizing her were abandoned, if the rate of production did not diminish, and if the German nation were admitted again into world-wide commerce and set free from all unproductive expenditure. Declaring itself always ready to receive all reasonable proposals, the German Government affirmed its conviction that the peace and well-being of the world depended on a rapid, just, and honest solution of the reparations problem.

The Reparations Commission, in May, 1921, presented the following scheme of payment. The total amount of 132 milliards of gold marks was now repre-

sented by three series of securities—A, B, and C—which the Commission reserved the right of accepting, according to Germany's increasing solvency. The securities were to carry an interest of five per cent., with a charge of one per cent. on the sinking fund. Germany was to pay an annual fixed sum of 2 milliards, plus the equivalent of 25 per cent. of her exports; and a special Guarantees Committee was created to collect this amount. The Conference of London of May, 1921, accepted the proposals of the Reparations Commission, and on May 5 issued a second ultimatum to Germany. In this document Germany was threatened with serious coercion by the allied forces on the Rhine, including the occupation of the basin of the Ruhr. Germany could therefore only accept the scheme of payment, although she knew it to be absurd.

When Germany, by enormous sacrifices, had disbursed a milliard gold marks, the first Financial Conference met at Paris (August, 1921) to share out the money. England received the greater part of it, to repay the cost of the occupation up to May 1, 1921; the rest was paid over to Belgium, which had been conceded the right of prior payment. The Reparations Commission was authorized to issue securities of series C for the Austrian, Bulgarian, and Hungarian Reparations, for the payment of which Germany was jointly responsible. It was agreed that the price of the coal delivered by Germany should be based on the price of coal in the German home-markets, and not on its price in the world's markets. These agreements, signed *ad referendum* by the minister Doumer, were not confirmed by the French Government.

Under the pressure of these difficulties therefore, and while the Reparations Commission, whether directly or

by means of the Guarantees Committee, was every day disorganizing the economic life of Germany, the German Government declared that it was not in a position to fulfil its pledges for the year 1922, and asked for a moratorium.

After a series of uncertainties and mistakes, the Conference of Cannes met, at Lloyd George's request, in January, 1922. The idea of bringing about European solidarity, and of putting an end to the rule of violence had already been implied in the economic manifesto issued from London in March, 1920, in which Lloyd George's ideas and mine were reëchoed. Those ideas were more strongly brought out at the conference of San Remo (April, 1920), which brought about the Spa Conference. But, after the spring of 1920, Italy had been disturbed by forces which drew her from the right path; and her action, which was deplorable in the question of Upper Silesia, had been always uncertain. There is no reasonable person in Italy who places the least reliance on the German indemnity; nor is anyone disposed to maintain openly that Germany must be degraded and stifled. As Italy stands in need of commercial exchanges and must send a large number of men to other lands, no other country suffers more than she from the present state of uncertainty in Europe, or from the present Balkanization of the Continent which is vitiating every form of economic energy.

(6) The Conference of Cannes (January, 1922), disturbed by a French ministerial crisis, was not able to produce any satisfactory results. It was decided to limit the German moratorium to the year 1922 only, during which Germany will pay 720 million gold marks in cash,

and 1,450 millions in kind. Germany was to pay over her customs-duties in gold, to limit the prepayments of the Reichsbank and the issuing of bank-notes, and to furnish within six weeks serious guarantees of fiscal and financial reforms calculated to raise her income. The apportioning of the German payments between the various States of the Entente was settled, and rules were laid down for their consignment. But the Cannes agreements remained as mere proposals, on account of the unexpected withdrawal of the French delegation, followed by the ministerial crisis which brought about Briand's resignation. The Reparations Commission therefore pursued its work alone, and, on June 13, 1922, decided to grant Germany a provisional moratorium for the payments due on January 15 and February 15, on condition that Germany should pay thirty-one million gold marks for every period of ten days commencing with January 16; and that she should present, within a fortnight, a scheme of financial reforms and a program of payments for the year 1922. The scheme and the program were submitted to the Reparations Commission by the German Government on January 28, 1922.

At the Paris Conference of March, 1922, the results of the Conference of Cannes were definitely approved, and the determining of the moratorium was left to the Reparations Commission. The amount which Germany was to pay to France, Belgium, and England during the year commencing with May 1, 1922, was fixed at 200 million gold marks. Modifications were made in the conditions governing the apportionment between the Allies agreed upon at Cannes, those governing payments in kind, and those concerning the application of the

Franco-German agreement at Wiesbaden. Other rules were laid down relative to the price of coal and to the method of payment in goods. The maximum of the reparations to be paid by Austria and Hungary was fixed, with consummate lack of intelligence and with wonderful ignorance, at six milliard gold marks, not including in this sum the goods already transferred from those two States to the victors. Bulgaria's indemnity, pursuant to the Treaty of Neuilly, was fixed at two and a half milliards of gold marks.

In accordance with the decisions of the second Financial Conference of Paris, a note was addressed on March 21, by the Reparations Commission to the German Government, in reply to the communication of January 28. It granted a moratorium of the payments laid down by the Conference of Cannes (720 million gold marks in cash and 1,450 millions in kind, during the year 1922). It challenged the German Government to prove, by May 31, its ability and its willingness to give satisfaction, under pain of returning to the payments notified in the ultimatum of May 5, 1921, and of successive exactions of penalties, after a fortnight, in case of non-fulfilment. In the same note the Reparations Commission put before the German Government suggestions for a long series of measures and financial reforms which it could adopt in order to place itself in a position of being able to pay the reparations. It is sufficient to read that note in order to see to what pass stupidity and ignorance can go, when they join forces with mistrust. In the advice, or rather orders, given to the German Government, we find not only that of imposing a large number of fresh taxes, but also that of increasing the revenue during 1922-3 by at

least sixty milliard marks in paper currency. The Commission, in order to accelerate the collapse of the mark, suggested, in addition to such a large increase in the revenue, that a system should be adopted by which the amount of each tax should increase automatically, in proportion to the continued decline in the value of money. The note laid down a whole series of checks which were to be exercised by the Guarantees Committee, which was to supervise the raising of all the taxes. It further suggested large economies in all kinds of expenditure (especially in civil service), the abolition of local taxes, and, in general, the suspension of all public works which did not correspond to an urgent need. It suggested also a series of measures which put the whole of Germany in dependence on the Committee of Control, and therefore on the Reparations Commission itself.

The reply of the German Chancellor, Wirth, on April 7, 1921, gave proof of the best intentions. He showed how difficult the fall of the mark made life in Germany. The condition of Germany, he said, was extremely difficult, owing to the fact that the price of the principal articles of food had been multiplied sixty or seventy times, that the mark would, by summer, have probably lost all value as a medium of foreign exchange, and that it was impossible to obtain foreign goods. He proposed that, instead of the application of violent methods, the various questions should be examined by a number of experts, under the direction of the Reparations Commission itself. He asked only that the experts should not belong to the interested States alone. The Reparations Commission, however, took no notice of all the facts and all the documents set out in the German note. The claim for pay-

ments in gold meant the collapse of the exchange; and the demand for the raising of sixty millions by new taxes, in addition to those contemplated in the compromise approved by the Reichstag (which already represented the greatest possible amount), was quite absurd. With regard to the control contemplated by the Reparations Commission, the German Government could not declare its assent to any control that would be incompatible with the independence of Germany in financial matters. The German Government was ready, declared the Chancellor, to give the Reparations Commission all the information that might be necessary with regard to Germany's financial situation and resources. But no Government could surrender to the foreigner a decisive voice in the formation and application of the laws or any of their details.

The Reparations Commission replied with a note (April 13, 1922) which surpasses its predecessor in cynicism and incompetence. The Commission affirmed the necessity of a substantial and immediate increase in taxation, over and above that of the fiscal compromise, and declared that this was important *and indispensable in the interests of Germany herself*. With regard to Germany's assertion that, in the condition of her exchanges, she could not make any payment in gold, except by means of a foreign debt, the Commission replied that, in order to do this, it was necessary for Germany to have a clean balance-sheet—a state of affairs in which, by the way, the victorious countries of the Continent are very far from being. The Commission declared, however, with the greatest nonchalance, that it was willing to contribute to the improvement of Germany's economic and financial position.

(7) Thus the Genoa Conference, hindered and obstructed in every possible way, was at length convened in April, 1922. In accordance with the resolutions adopted at Cannes on January 6, 1922, the allied Powers declared their unanimous opinion that a conference should be summoned, to which all the European Powers, including the vanquished countries and Russia, should be invited to send representatives. The conference was to be an urgent and exceptional step towards the reconstruction of Central and Eastern Europe. The allied Powers agreed in regarding as indispensable the resumption of international commerce and the development of the resources of all countries. They asserted that a common effort is necessary by all the more powerful States to restore the European system to its vitality, which is now paralyzed. The allied Powers laid down, and formulated at Cannes, certain principles or conditions indispensable to the putting forth of an effective effort. The agenda of the Genoa Conference contained six items: (1) The resolution adopted at the Conference at Cannes on January 6, 1922, in which were set forth the principles which were to govern the decisions which the Conference would take; (2) an examination of the means of applying the principles contained in the resolution approved at Cannes by the Supreme Council on January 6, 1922; (3) the establishment of European peace on a firm basis. This item, of an essentially political nature, referred to the sixth item of the Cannes resolution, which asserted that "all countries ought to pledge themselves to abstain from every act of aggression against their neighbors," which was in its turn drawn from Article 10 of the covenant of the League of Nations. It therefore provided the

opportunity for introducing various proposals of a political nature, pacts of guarantee, etc.; (4) conditions essential to the restoration of confidence *without prejudicing the existing treaties*. This limitation, "without prejudicing the existing treaties," was added at the request of the French delegates, who foresaw that the reparations program might be brought into discussion; (5) financial questions—circulations, central banks and banks of issue; public finances in connection with the work of reconstruction; exchanges, and the organization of the public and private debt; (6) questions of economics and commerce, such as facilities and guarantees for import and export trade; local and juridical guarantees for the resumption of commerce; protection of industrial, literary, and artistic property; consular statutes; the admission and status of foreigners in connection with the development of business; and technical assistance in the work of industrial reconstruction.

In order that the States composing the Entente might be able to meet in harmony at Genoa, it was necessary at Cannes to curtail the program and to be silent about reparations. Three great questions now overawe the life of Europe: firstly, how to bring about a recovery of the exchanges, given the absurd system of the reparations, which paralyzes the life of the vanquished countries, causes continued and growing hatred, and disorganizes the production and the exchanges of the whole of Europe; secondly, how to rehabilitate Russia, ruined by the war and Bolshevik rule; thirdly, how to terminate the absurd system of violence, created by a peace of violence, in consequence of which Europe has at the present time more men under arms than before the war, and is sharply

divided between victors and vanquished. The former, not being successful in putting their finances in order, or in paying their debts, are claiming enormous indemnities from the vanquished, from whom they have already taken all their transferable wealth, and on whom they have inflicted the greatest disorder by every kind of violence. Admitting, therefore, that the Genoa Conference was not to discuss reparations, it followed, as a consequence, that it was not to discuss the only thing that matters to Europe, and that concerns its very existence. The representatives of all the countries assembled at Genoa, with the exception of those most blinded by hatred and by theories of violence, felt that no work essential to reconstruction is possible except by reconsidering the peace-treaties, which, conceived in error, and in violation of the principles which the Entente had proclaimed, can lead only to ruin. Notwithstanding this, the Genoa Conference has had a very beneficial effect, because the first words of peace were uttered, and fell on fertile soil, and because, for the first time, former enemies gathered round one table to discuss the common danger. Further, the Conference has had the effect of clearing the air, because it has brought face to face the two tendencies which now confront each other in Europe. Great Britain and Italy, not without some hesitation, which was made necessary by the gravity of the situation, have demonstrated to the world their keen desire to coöperate in a policy of peace. Positive acts are without doubt the only things which have a real value in politics; but nothing conduces so much to positive acts as the manifestation of attitudes, the production of tendencies, and the formation

of the right state of mind. Great Britain and Italy have already the state of mind that leads to peace.

The German delegates tried several times to turn the discussion towards the reparations question, finding an excuse in the complication created by the treaty between Germany and the Soviet Republic. But, notwithstanding the favorable attitude of England and Italy, which aimed at partially balancing the German reparations with the Allies' debts to the United States, nothing was done but to refer all discussion to the Reparations Commission, which, assisted throughout by representatives of big European and American banks, at once opened fresh negotiations at Paris (May, 1922), with a view to securing a loan for Germany. But, as all loans had been made impossible by the condition in which the vanquished countries had been placed, the Reparations Commission proceeded against Germany along the path of controls, which, through the agency of the special committee, had, at the end of July, 1922, assumed the most humiliating and embarrassing form.

The Conference of London of July, 1922, produced no concrete results either; but it showed more and more an inclination to consider the problem of the reparations of the defeated States in relation to the debts of the victorious countries of Europe.

At the present time matters proceed almost haphazard, amidst requests for a moratorium from Germany, and contradictory notes from the Reparations Commission. France, not wishing to assume the responsibility for fresh acts of violence, leaves Belgium to assert her claims for priority of payment and to become in some way the responsible party.

This, in broad outlines, is the story of the reparations question, which is the fundamental difficulty underlying the economic life of the world. Born in equivocation, engendered by violence, and conceived in opposition to all compacts and pledges, the reparations question represents the ruin of Germany, the destruction of the world's commerce, and the most formidable blunder that has ever menaced the existence of civilization in modern times.

I have shown exhaustively how, from the technical and financial point of view, the reparations are not merely a blunder, but the most absurd blunder that could be imagined.

The wealth of nations is a subject which I studied for many years before the war, and on which I have written books. I have been disgusted with the mingled cynicism and ignorance with which politicians, and even the so-called experts of some countries, have spoken on the matter. I can conscientiously say that most of them were lacking in the elements of common sense.

Austria, Hungary, Turkey, and Bulgaria cannot pay any indemnity, and at least the first three of them need urgent help. Unless the indemnities are to be used as a means of suffocation, Germany should be asked no more than to take over the amount owed by the victorious countries of the Entente to England and America, and should be granted a moratorium of a few years; not more than twenty or twenty-five million tons of coal for ten years should be demanded; the absurd cession in perpetuity of the Saar mines should be renounced—a cession which, unless it is an attempt to deprive the Saar of its German nationality by violence, is as illogical as it is use-

less; and the whole of Upper Silesia should be abandoned to Germany.

Germany, having surrendered all her transferable property, her mercantile marine, her colonies, her credits, and her foreign commercial organization, found herself, immediately after the war and a long period of famine caused by the blockade, in an extremely grave condition. When speaking of the vanquished peoples, it should be remembered that they, too, had their loss of human life, just as had the victors, and to a greater degree. No country, perhaps, had relatively more deaths than Hungary. Germany had as many as, or more than France, even taking into account their relative populations. Germany had 1,800,000 killed, and has in addition a million disabled men, whose working capacity is nil, or is greatly impaired. However poorly, she too must provide for her war-widows and orphans. Nothing, therefore, is more paradoxical, and at the same time more unjust and absurd, than the idea of the indemnity, disguised afterwards in the form of reparation for damage, and by which Germany, in addition to finding her own war-pensions, was to provide the whole cost of subsidies during the war, and of indemnities and pensions after the war, to all the victorious countries, some of which have, indeed, been very liberal in their allowances.

Even before the unjust decision in the case of Upper Silesia, immediately after the treaty Germany had lost 15.5 per cent. of her population, as a result of the division, almost at random, of the German territory. She had lost 15 per cent. of her most fertile agricultural lands, and enormous numbers of cattle. She had lost more than four-fifths of her iron ore, and almost as

much of her zinc. She had lost a large part of her coal-mines, and was compelled to supply a considerable quantity of coal in addition. Germany owed her immense development and her remarkable wealth before the war less to natural conditions than to her dogged perseverance and her wise organization. When all her productive power was disorganized, and her most indispensable raw materials taken from her in varying degrees, the wealth of Germany should have received a mortal blow. The superb and tenacious effort by which vanquished Germany avoided immediate and complete destruction will always remain a wonderful phenomenon.

The *reparations*, of which we have already traced the history, became a real *indemnity* on the day when the cost of war-subsidies and pensions was introduced. Up to the present time, indemnities have always been limited by the victors to a sum which, as we have said, was paid in a few months, by means of an effort by the State and by private economy; thus France was able to pay seven hundred millions in 1815, and five milliards in 1870. If a tolerable and reasonable indemnity had been demanded from Germany, she would have been able to pay it, even after all her losses. If the freedom of her territory had been granted her, she would have been equally able to pay the indemnity by raising a foreign loan. If Germany had been left free to resume her economic activity, everyone, being convinced of the soundness of the loan, would have lent money to her. On the contrary, on every occasion an absurd sum was demanded. In all the initial demands of the victors, there was no real and exact valuation of the amount of the damage, but only an estimate of the debts to the greatest possible extent, in

order that, in the reductions which would follow, each victor-state might receive a favorable share of the diminished total. Moreover, in addition to the enormous size of the demands, the prevalent idea was that of dividing the debts into a series of annual payments. Within thirty or forty years Germany was to pay each year so many milliard gold marks (at first even twenty-five or twenty-eight milliards were mentioned), and to supply a large quantity of goods. It was therefore no longer an indemnity, but a *servile tribute*, which the victors, loaded with arms, would impose on the unarmed vanquished, at the same time occupying their territory and controlling its life. Practically, then, Germany would remain in servitude for at least forty years, fettered in its laws and fettered in its movements; and the distant descendants of those who declared the war would still have to pay a *servile tribute*, in memory of the sins of their ancestors. One must go back to antiquity or to the most absurd period of the Middle Ages to find anything like this—the sacrifice of a people for the sins of far-distant ancestors.

In her most prosperous days Germany, having to feed teeming and prolific people, was not able to set aside more than ten milliards a year as capital. But, for a people to set aside capital is not the same thing as an increase of transferable wealth, but merely to augment the instruments of production. One lays down capital by increasing the number of machines in a factory, or by planting trees on uncultivated land; but that does not imply that transferable wealth is created. An *indemnity* or a *servile tribute* can be paid only by surrendering one's own transferable wealth (and this Germany has done);

or by credits produced from the sale of goods abroad; or by handing over goods. But in this last case the goods and values handed over must not be so large as to hinder the development of production.

Germany's imports before the war were greater than her exports. She paid the difference by freights, by sending emigrants to foreign lands, and by organizing a world-wide trade; only by those means did she succeed, and not always even then, in obtaining a satisfactory credit-balance. After the war the difference between her imports and her exports became still greater, owing to the serious deficit in food-supplies and to the necessity for obtaining additional raw materials; and there was nothing to balance this. The great increase in the internal expenditure, largely imposed by the policy of the Entente, swelled the circulation, at first to a remarkable extent, and afterwards to a ridiculous extent, and contributed to the depreciation of the currency.

Hardly anyone in Europe, including the politicians and the bankers, knew the real nature of the Treaty of Versailles, and therefore did not know the inevitable economic ruin which it was causing Germany. In the first two years after the war particularly, it was believed, in almost all neutral countries and even in the victorious countries and America, that the depreciation of the mark was a consequence of the war, and not of peace. Enormous quantities of marks were purchased everywhere, and, for a considerable time, speculation brought about a rise in values. This mistake in valuations, based on ignorance, allowed not a few Germans to make remarkable fortunes and to transfer credits abroad, and even provided the means for a fresh supply of raw materials

for a few years. But the inevitable collapse of the German mark, which is a direct consequence of the treaty and of the reparations policy, deprived Germany of all its resources.

In the present state of affairs, France could not pay two milliards of gold francs a year, nor Italy one milliard, without bringing a complete collapse of the exchanges. Germany is in no better condition for making any payment. Continued demands for a moratorium, therefore, followed by French threats to occupy fresh territory, are the consequence of the situation which has been brought about.

Eight conclusions follow from what has been said up to now.

(1) The principle of reparations for damage was inserted in the terms of the armistice in November, 1918, by a pure misunderstanding, and merely as a concession to French public opinion. "*Je supplie le Conseil de se mettre dans l'esprit de la population française,*" said Clemenceau at the meeting of the Supreme Council on November 2, 1918. Reparations for damage were a violation of all the former declarations of the Entente and above all of Wilson's "Fourteen Points." They were conceded out of politeness, without considering the consequences.

(2) The Treaty of Versailles, by including in Article 231, in contradiction to every preceding treaty, the formula that the responsibility for the war rests with the vanquished alone, gave rise, as a natural consequence, to Article 232, which charges the vanquished with all reparations that may be necessary. *But it changed reparations into indemnities* when it included the still heavier

burden of subsidies during the war and pensions after the war.

(3) Every former indemnity had been fixed in such a way that it could be paid in a short space of time, almost always in a few weeks or a few months. The indemnity imposed on the vanquished countries after 1919 was for a long time undefined, and was afterwards fixed at a sum so great that it can never be paid. Meanwhile, there had grown up, especially in France, the illusion that an *indemnity* would reestablish the finances of the victorious countries, of France especially. The public believed the official declarations announcing an indemnity of 375 milliards, and of an annual payment of fourteen milliards a year to France alone! Thus was brought about a want of balance between ideas and reality. There is now no indemnity that is at the same time within Germany's means and acceptable to France, in which country public opinion is completely astray, owing to the contrast between what was promised and what will be forthcoming.

(4) The extreme levity with which the Entente rejected Germany's offer of a hundred milliards, and contented itself later with 132 milliard gold marks, shows that the problem has never been seriously examined. Meanwhile, the obligation placed on Germany of making her payments in gold has contributed to the ruin of the German exchanges and to the collapse of the mark. Germany, like Austria, is threatened with being forced out of the current of international commerce, and with losing all power to make purchases. After having counted on an annual payment of twenty-eight milliards, it is found impossible to obtain even a single milliard, owing to the

fact that the springs of Germany's economic life have been poisoned, and all her activities hampered.

(5) The Reparations Commission has been the indirect means of creating (together with the occupation along the Rhine) a state of vassalage for Germany, by which she has lost the chief characteristics of a sovereign Power. That which Austria-Hungary demanded from Serbia in the famous ultimatum which brought about the war was much less than that which the Treaty of Versailles, and the Reparations Commission which emanated from it, has imposed on Germany.

(6) The reparations problem is henceforward insoluble, because Germany can make only very scanty payments in gold; nor can she, except by ultimately ruining her industries, hand over the amount of coal that is claimed.

(7) France and Italy, by not having paid their debts to Great Britain and the United States, and by being unable to pay even the interest on them, have shown how absurd and immoral it is on their part to demand large payments from Germany in gold.

(8) Leaving the reparations problem unsolved means not only holding Germany in vassalage, and therefore withering production, but it means also the holding back of the most active productive elements from the channels of international commerce. The decadence of the whole of Europe is accentuated by the fall of German Austria, Hungary, and Germany; the world's prosperity is severely menaced, and civilization takes a step backwards every day.

Reparations, which have served only as a means for

throttling Germany and as an attempt to dismember her, remain, therefore, the biggest problem in the life of the world. Europe will not regain peace, or the whole world its prosperity, unless this problem is solved with rapidity and courage.

CHAPTER III

THE TREATY OF VERSAILLES AS A METHOD OF CONTINUING THE WAR. THE ACTION OF THE TREATY IN DEPRESSING AND DISINTEGRAT- ING GERMANY

WORN out with four years of stubborn warfare, Germany asked for peace at a time when, in the name of the United States, which had become the decisive factor of victory, Wilson's solemn pledges assured and guaranteed a perfect equality between victors and vanquished. But, when Germany was no longer in a condition to offer any resistance, the Treaty of Versailles broke all the pledges which had been given, and introduced new forms of domination and strife into modern history, by adopting a series of measures which could have no other objects than those of strangling Germany, dismembering her, hampering not only her economic unity, but also her political unity, and depressing all the conditions of her existence.

I. CAUSES OF DEPRESSION ORIGINATING IN THE TREATY

"I conceive of life after the war," said Clemenceau in the French Chamber, "as a continual conflict, whether there be war or peace. I believe it was Bernhardt who said that politics are war conducted with other weapons. We can invert this aphorism, and say that peace is war conducted with other weapons."

Clemenceau's conception has in fact revealed itself as not very different from Bernhardi's. The treaty of peace has provided the means for continuing the war in an even more rigorous form. It only remains to be seen whether this new principle, now that the vanquished have been ruined, will not bring ruin to the whole of Europe.

"The war," said Tardieu, one of the signatories to the Treaty of Versailles, "has cost the Allies a thousand milliards. They ask only 350 milliards from Germany. The economic principles of the peace are just and moderate, and quite in accordance with Wilson's propositions!" These figures, fantastic to no small degree, have contributed not a little to the misleading of public opinion, and have given rise to deep and harmful illusions in France.

After the war it was necessary to make every effort not to break the economic unity of Europe, both in the interest of the vanquished, and in the interest of the victors above all. On the contrary, the reign of violent opinions and a desire to dismantle Germany led to the adoption of a number of regulations and measures which were bound to injure all parties and to bring Europe in a few years to her present condition of depression and decadence.

Examining closely the clauses dealing with military matters and guarantees, the political clauses, and the economic and financial clauses of the Treaty of Versailles, one arrives easily at the conclusion that the treaty was drawn up solely with the object of placing Germany in a state of dissolution. Perhaps the authors of the treaty were not conscious of this. Wilson was almost entirely ignorant of Europe, and, having practically the

deciding voice, he lost himself in abstract and unfruitful idealism. While he was contributing to the dissolution of the nations, he created the League of Nations. Italy was almost non-existent. Her representatives were almost entirely absent, for they had committed the error of concentrating all their forces on the problem of the Upper Adriatic; and this problem, having been very badly handled from the beginning, was insoluble. Lloyd George often grasped the real state of affairs; but, in the questions in which France was interested—that is, in almost all questions concerning Germany—he found himself in a very difficult position, and in view of Wilson's attitude, he often had to abandon the most logical arguments. I have already dealt, in *The Wreck of Europe*, with the psychological conditions which governed the preparations of the Treaty of Versailles. A close study of all the acts of the Paris Conference has convinced me that directive action was confined almost exclusively to France. The greatest error was that of holding the conference at Paris, which was full of hatred and agitation. Paris, which only a few months before had been exposed to German guns and aeroplanes, was bound to have its very atmosphere saturated with hatred. The men who govern large democracies are, before they control the crowd, very often its servants. In order not to lose their popularity, they even exaggerate the errors of the masses, and it is rarely that one finds men of great and noble mind, who know how to face unpopularity.

The armistice agreements had already been very harsh. The short time allowed for the retirement and the demobilization of the troops, when the revolution was raging in many cities of Germany, had made it impossible

to apply those measures which would best have maintained order and prevented the waste of a large quantity of materials and provisions. The obligation of supplying immediately five thousand locomotives and 150,000 carriages, when rolling-stock was already depleted by the strain of the war, was aggravated by the fact that the demand coincided with demobilization. Thus the movement of the troops which were being disbanded took place at an inverse speed to that of the surrendering of the rolling-stock, and transport and production were thrown into a state of disorder that would have been sufficient to disorganize and depress at once any other country whatsoever, unless it had possessed the orderly spirit and the discipline of Germany. When one contemplates the difficulties encountered by the victors during the process of demobilization, and the number of men which they still had under arms a year after the war, one easily understands how the life of Germany must have been at once thrown into convulsions. Instead of raising the blockade, moreover, the mistrust of the conquerors wished to stiffen it, and extended it as far as the Baltic.

Instead of permitting the opening of credits for the refurnishing of raw materials and the most indispensable food-stuffs, the Entente immediately compelled Germany to dip deeply into her reserves of money and of foreign values. Thus the circulation was at once disordered, and the backing in gold, which in February, 1918, stood at 10.2 per cent., fell to 3.1 per cent. Then began the fall of the German mark, which by movements at first slow, and finally more and more rapid, was forced down to its present level.

The conditions imposed on Germany by the Treaty of Versailles are now so well known that it is needless to repeat them. They can be summed up as a scheme for dismembering Germany by the cession of territories entirely German and by the separation of Prussia into two parts. Germany was to lose the position of a sovereign Power, through the workings of the Reparations Commission, which, until an indemnity is paid which everyone knows can never be paid, will exercise full powers in Germany, by holding over her head the menace of the army of occupation, which is paid for by Germany herself. Germany was to be deprived of almost all her essential raw materials, such as her iron ore; the production of some of her other raw materials, such as coal, was to be paralyzed; all her transferable wealth, such as her colonies, her merchant fleet, and the foreign property of German subjects, etc., was to be surrendered; and she was to endure the most absolute economic servitude. Germany, completely disarmed by the surrender of her navy and the reduction of her army to a hundred thousand men, without an army staff, and without conscription, could not do otherwise than accept the conditions imposed on her, even though they meant that her energies would be drained dry.

In the introduction to the Treaty of Versailles it is stated that the Allies, all equally desirous of putting an end to the war, wish to conclude a *just, firm, and lasting* peace. These three adjectives, if they are not ironical, are truly superfluous. The twenty-seven signatory States further declare that the war is to terminate when the treaty comes into force. But, in reality, the same treaty contains a series of provisions which prolong the state

of war. Thus Germany is to accustom herself not to consider the precautions of every kind, even the most vexatious and outrageous of them, as the acts of an enemy. According to Article 18 of the regulation governing the conduct of the Reparations Commission, Germany is, in fact, obliged not to consider as acts of war any measure which the allied and associated Powers may take in case of deliberate non-fulfilment on the part of Germany. These measures include prohibitions and economic and financial reprisals, and, in general, all that the respective Governments may consider necessary in the circumstances. In other words, when an indemnity has been fixed which everyone knows cannot be paid, not only can the victorious countries use any violence they wish against Germany, but Germany has no right to complain, nor are the measures directed against her to be considered as hostile acts. According to the treaty, war-time regulations are to retain control over German private property. The victors reserve for themselves even the privilege of limiting the rights of property in Germany, in all matters concerning industry, literature, and art, even if such rights are acquired after the war. The destruction and appropriation of the intellectual property of Germany (Articles 306-311) is without precedent in modern history, and is also an insult to the very intelligence of the victors; for by it they declare by implication that they are inferior to Germany in knowledge, and that they wish to appropriate her intellectual resources, just as they had done with her minerals.

From the very commencement there was a determination to put Germany in a state of moral inferiority. The treaty therefore drew a sharp distinction, in all its pro-

visions, between the German people and other peoples, needlessly annulling the treaties concluded by Germany, even those of an economic character. Not only was Germany obliged to cede Shantung to Japan, on whom she had not declared war, but who had declared war on her, but—and this is less comprehensible—she was compelled also to renounce all her existing treaties with China. Thus, while the subjects of other European States cannot be tried in Chinese courts, the Germans alone, as an inferior race, can be tried in them (Articles 128, 134). Germany has also been ejected from Siam, Liberia, Morocco, and Egypt, losing all the advantages conferred by previous treaties. Article 155 decrees that Germany shall accept, by anticipation, all agreements and treaties which the Entente Powers may make with Bulgaria and Turkey relating to rights, interests, and privileges of whatsoever kind. These decrees, void not only of all justice, but also of all common sense, annul even treaties of a legal or cultural nature. Since it was not possible to appropriate the property of German subjects in other countries as it was in territories directly under German rule, recourse was had to an artifice by which the Entente has the right to demand that the German Government shall itself expropriate the rights of those subjects, or, rather, their shares in public concerns, with the object of using those concerns in payment of the reparations. The German Government is even obliged to supply the information required for this indirect sequestration to the Entente, and to compensate its own subjects. These arrangements aim at nothing but the expropriation of Germany, and at driving her completely out of Turkish territory.

In order to smash the German economic system, the treaties between Germany and Luxembourg, which favored the development of both countries, were annulled (Articles 40, 41). On account of the customs union between the two countries, there had grown up, both in Germany and in Luxembourg, a very large iron trade, which was based on its union with the German industrial companies. Hence Germany has lost not only her raw materials, but her partly manufactured articles, formerly supplied by Luxembourg.

After Germany had lost her colonies, her raw materials, her ceded territories, and her foreign commercial organization, Russia could have been a great center for the renewal of her activities. But Russia was artificially separated from Germany, who was compelled to accept the annulment of all her treaties and conventions (Articles 116, 117) and to recognize in advance, not only all the frontiers of all the new States, but also all the treaties that the Entente Powers should conclude with those which were already formed, or which should be formed, on the former territory of Russia.

Leaving on one side all that could humiliate the German people—the trial of the Kaiser, trials of German officers, and similar acts of folly, to the avoiding of which I have directed all my efforts, the treaty has resulted in the Germans being considered, both within and without Europe, as outside the pale of civilization. All other peoples have been granted privileges which are denied to the Germans alone.

The complete surrender of the German merchant fleet and submarine cables was a useless and harmful act of violence, destined merely to increase the disorder and to

make the crisis more acute. Before the war, the steamships of the world had a total tonnage of forty-two and a half millions. Germany had a fleet, very admirable from the technical point of view, of more than five million tons. The British merchant service surpassed all others with a tonnage of nearly nineteen millions. In June, 1922, the world's tonnage amounted to nearly fifty-seven millions—fourteen millions more than before the war. But Germany was deprived of all her ships, and, even while ships were lying idly in harbor for want of cargoes, the Entente demanded from Germany the construction of more ships as part of the reparations! The German delegation, with a wider and more intelligent grasp of the situation, had proposed the formation of a world-wide association, in which the German fleet would have shared, in the common interest, with those of the other States.

The regulations for the utilization of industrial machinery also helped to place the industry of Germany in dependence on its rivals. By these regulations, it is permissible to commandeer as much as one-third of the machinery and the materials of any factory; thus no industry has any security.

As all the requirements of the Entente are without payment or compensation, the Reparations Commission alone decides, without hearing the interested parties, what goods are to be commandeered. This is not merely economic servitude, but means uncertainty for all industries. I have discussed elsewhere what has happened in the case of coal; but nothing tends so much to the disorganization of the victors themselves as does the ob-

taining, without payment, of goods, whose use is determined by State departments.

Germany has no longer freedom in levying her customs. Apart from the fact that the Saar has been incorporated in the French customs system, she is obliged to accord equal treatment to all the victorious States.

She cannot place restrictions on imports (Art. 264), or limit, even by taxation, the exportation of any goods. Practically, she cannot make any commercial treaty, and, with no reciprocity whatever, she labors under restrictions without parallel in history—even without taking into account the very severe special regulations with regard to Poland, Alsace-Lorraine, and the Rhine zone. She has no longer any real sovereignty in territorial waters, and fishing is free to the victorious States, with altogether exceptional conditions. Up to the present time, every ship had to be registered at the port where its business was carried on. The treaty permits ships belonging to inland States to be registered at places situated far from shipping centers. Inland States can therefore have their own merchant fleets, under their own flags, in German harbors. According to international law in force in all countries, navigation in German ports should be carried on under the German flag; instead of which, there has been invented even the anomalous and absurd practice of registering at dry ports.

The citizens of the victor-states are not subjected to any restriction of their activity in Germany and the German Government has to assure them of constant protection on German territory. On the other hand, it must accept without question all the lists of consuls and consular agents (Articles 278-81).

Germany is obliged to take all the legislative and administrative measures that may be necessary to secure against all unfair competition the natural or manufactured products of any of the allied and associated Powers. She must also prevent and prohibit, by means of confiscation or otherwise, the importation, exportation, manufacture, circulation or sale within her borders of all productions or goods which, in their external form, marks, names, inscriptions, or signs of whatever kind, give a false impression of the special nature or quality of the product (Art. 274). These regulations, aggravated in the case of the wine trade (Art. 275), imply that the victors have the right to counterfeit products and to give false impressions as to their origin and nature; but this privilege is forbidden to Germans. They alone are bound to commercial honesty, while dishonesty is the exclusive right of the victors. According to the Treaty of Versailles, this is the most fundamental privilege of victory.

Germany is no longer free to conclude treaties, even in postal and telegraph matters. The victors alone decide what treaties they wish to maintain, and Germany must henceforward submit to agreements reached by those who are now adversaries, without being able to take up a position contrary to the tenor of certain decrees (Arts. 282-95).

The question of debts between the German State and its citizens has been regulated (Art. 296 and appendix) in the most absurd and unjust manner. A long treatise in economics would be necessary to show how the injustice is surpassed only by the errors.

The development of civil aviation is paralyzed by

the fact that, while the Entente enjoys every facility on German territory, and while foreign aeroplanes enjoy the same privileges as the Germans, there is no reciprocity.

All Germany's means of communication—rivers, ports, canals, and railways—are subjected to a series of limitations which have no object but that of paralyzing activity (Arts. 321-86). It is truly wonderful how Germany has been able to survive such limitations, restrictions, burdens, and useless humiliations, without being completely ruined. When one reflects that German rivers such as the Elbe, the Niemen, the Oder, and the Rhine are considered international rivers, one feels that same astonishment as would be produced if German and Russian delegates were to administer the Thames, the Rhone, and the Po. When one reflects that Germans are in a minority in the administration, which includes representatives of Italy, Czecho-Slovakia, and Great Britain; that, in the administration of the Oder, the Germans number only three out of nine, and that there are representatives of Great Britain, France, Czecho-Slovakia, Denmark, and Sweden, one experiences a sense of humiliation. The Rhine is almost entirely a German river, and yet it is administered by a commission of nineteen members of whom only four are Germans. The commission, moreover, sits at Strasburg; France has four representatives, and it is she who nominates the president of the commission. The whole wonderful network of rivers and canals in Germany, which, coöperating with the railways, constituted the greatest economic resource of a densely populated flat country, has been paralyzed to the greatest possible degree. Germany has been

forced to grant to countries in the interior the use, for ninety-nine years, of special areas in the ports of Hamburg and Stettin, with free customs zones and guarantees of direct transport through her territories. Thus, while Germany lost her port of Dantzic, and while she had to surrender her merchant-fleet, she saw her greatest ports deprived of their independence.

Germany, in addition to the surrender of a large quantity of rolling-stock, had to surrender all the railways and their stock in the territories which she lost. The railways of Germany, harassed by a series of commandeering for the army of occupation, and compelled to transport coal and goods as part of the reparations, have been wholly paralyzed by the constitution of the Polish corridor. It is the first time in the world's history that a country has been divided into two parts, in order to facilitate traffic to a third country, which, moreover, had taken no part in the war, and which did not exist as a State during the war. The treaty presupposes that Czecho-Slovakia and Poland, both inland States, have so great a need for the sea that they cannot help humiliating Germany and placing her in servitude; while, on the contrary, the other inland States have no need of direct communication with the sea, simply because they are vanquished. Bulgaria, in fact, used to have outlets to the sea, but has lost them because, according to the logic of the victors, he who loses has no need of the sea. In fact, Austria and Hungary have no need whatever for it, neither have such countries as Switzerland, which remained strictly neutral during the war. The inhabitants of Western Prussia, in order to communicate with Eastern Prussia, have to pass over Polish territory,

and railway traffic is impeded and obstructed in every way.

Without taking into account all the numerous regulations of the treaty which aimed at paralyzing the life of Germany, it must surely be obvious that the manner in which the treaty has been applied for more than three years has had no other object than that of breaking up the unity of the German people and of destroying Germany economically. As it was found impossible to overcome the rival German industries by labor and intelligence, the aim has been to slay them.

These tendencies have been manifested from the very first. There was urgent need, after the peace, for the reassumption of relationships in commerce and exchange, and, above all, in diplomatic affairs. In spite of this, there has for more than a year been a preference for speaking to Germany, not through the medium of diplomatic representatives, but through military commissions and representatives. I was compelled to raise this question at the Conference of London and afterwards, and I encountered the keenest opposition. Although the peace was ratified, the war was continued.

Attempts to assist separatist movements began from the very first, even while the treaty was being drawn up.

For a considerable time the separation of Bavaria was fostered, and then the union of Bavaria with Austria. At the time of the conclusion of the treaty, the question began to be raised as to whether Bavaria should sign separately.

In the winter of 1919 I was strongly urged by one of the allied Governments to agree to the appointment of Italian diplomatic representatives in the principal Ger-

man States, other than at Berlin. I did not yield to the invitation, which was a violation of the German constitution and of the treaty of peace itself. Nevertheless, France appointed a diplomatic representative in Bavaria.

In a speech delivered in the Reichstag on January 30, 1922, the Minister of Finance, Hermes, summarized quite clearly the impossibility of Germany fulfilling the obligations imposed on her.

The obligations of the treaty, in fact, do not aim at peace, or even at indemnities, in any way, but solely at the disruption of Germany, by means of a continuation of the war.

II. THE SAAR

The Saar district is entirely German, and no one in France had ever thought of annexing it.

When the demand for its annexation was put forward by France during the session of the Paris Conference, there was no small consternation. France, in demanding the cession in perpetuity of the coal-basin of the Saar, in compensation for the temporary damage caused to her mines in the Pas-de-Calais, from the very first coveted also the direct territorial sovereignty of this large area, in which there are no Frenchmen. This was equivalent to a demand, if the Central Powers had been victorious, for the province of Verona by Austria, or for Franche-Comté and Burgundy by Germany. The consternation was so great that a crisis was produced in the Conference. On March 28, 1919, Lloyd George declared to the French delegates: "Let us not repeat the mistake made by Germany in 1871 under pretext of an historical right. Let us make no new Alsace-Lorraines!"

But, whereas Alsace and Lorraine contain very strong centers of German population, the Saar has no French center at all, but is an entirely German area. The delegation of the United States and of Great Britain found the demand so absurd that the dispute began to assume the air of a conflict.

A compromise, however, was reached, which has no parallel in modern history. Germany, having ceded the Saar coal mines in perpetuity, must also work them until they are exhausted. Thus a half-way house was constructed.

Germany has therefore ceded the Saar mines in perpetuity, and France has absolute right of ownership: any rise in their value is to be taken into account in the reparations (Arts. 45-50 and appendix). Germany renounces the Saar area in favor of the League of Nations as trustee. After fifteen years a referendum is to decide whether the Saar shall belong to France or to Germany. The mines ceded are not only those of the State and of public bodies, but those also of trading companies and private citizens. If the Saar returns to Germany, there will be brought into existence the paradox of a district of which the soil belongs to one country and the subsoil to another.

Meanwhile the Saar is governed for a period of fifteen years by a Commission, nominated by the League of Nations, and composed of five members, one of whom is French, and one selected from the non-French inhabitants. The Commission possesses all the powers formerly in the hands of the German Empire, Prussia, and Bavaria. It has plenary powers in all matters connected with the public services, the railways, and the canals.

Justice is administered in the name of the Commission, which has the right of levying taxes and of dealing with the expenditure. The customs area is annexed to France.

Further, immediately after the annexation of the Saar, a movement was set on foot for its denationalization. In spite of the treaty, a large number of agents of every kind were introduced, together with a French garrison of 7,500 men; the French language was made compulsory in schools; a large number of the natives were banished, and special passports are necessary for travelers between the Saar and the rest of Germany. For the first time for more than a thousand years the Germans of the Saar cannot communicate freely with the rest of Germany.

While the miners are nearly all Germans, payment in francs has been made compulsory. The natives of the Saar have been deprived of their political rights; their cultural development has been obstructed, the freedom of their public meetings and of their press has been practically abolished, and they have seen on their territory the heterogeneous troops which France is wont to send. Numerous German citizens, including editors of newspapers, business men, etc., have been exiled.

The separation of the Saar customs from Germany, and their union with the French system, aimed at isolating the district economically. In 1913 the Saar produced 13,204,000 tons of coal, 1,340,000 tons of raw iron, and 2,080,000 tons of steel; corresponding with this, there was a production of 350,000 tons of Thomas slag, which, being used as manure, contributed largely to the development of German agriculture. The French iron and steel trade, controlling all the coal, and having in its hands the iron ore and the customs service, initiated at the Saar,

and completed in Upper Silesia, its scheme of monopolizing the continental steel trade.

At the same time, the introduction of the franc acted as a heavy tax on goods exported from Germany.

As a result of all these measures, the productiveness of the Saar was arrested.

The production of raw iron fell from 1,340,000 tons in 1913 to 643,745 tons in 1921, and the production of steel from 2,080,000 tons to 986,046 tons. While France has much more Thomas slag than she needs, the French Government has forbidden its exportation, merely to injure Germany. Thus the production has fallen from 350,000 tons to 175,000 tons. The Saar Government recognized the French ban, and thus the fall was accentuated. The ban was afterwards removed, in March, 1921, but it was then too late for the Thomas slag to be of any use in agriculture.

Eight hundred thousand Germans are to be placed for fifteen years under a foreign government with dictatorial powers, and, after a process of denationalization, they will have to submit to a referendum. The form of government is a product of the League of Nations, in which Germany alone has no part, solely for not having fulfilled those obligations of the treaty which everyone knows cannot be fulfilled. Every complaint of the inhabitants of the Saar to the League of Nations consequently falls on deaf ears; and violations of the Treaty of Versailles itself, such as the French military occupation and the substitution of French coinage for German, encounter no serious opposition.

At the session of the Genoa Conference on May 10, 1922, the President laid before the Conference a

memorial of the citizens of the Saar against the obstacles which hamper and embarrass the development of their territory. The memorial asked the Conference to examine the most efficacious methods of remedying the existing situation. The President suggested that the memorial should be filed.

Lloyd George remarked that the question should be examined by the allied and associated Powers which had signed the Treaty of Versailles; and to them the memorial ought accordingly to be forwarded.

Barthou declared, in the name of the French delegates, that the Saar question could not be touched by the Conference in any way. The memorial therefore ought not to be sent to the allied and associated Powers and the mere filing of it was an act to which the French delegation could not consent.

Thus all the crimes attributed to the Germans, in their colonization of the Polish territory which they once ruled, remain a very small matter compared with what is happening in the Saar, which has been taken away from Germany economically, with the idea of taking it from her in a few years politically.

III. THE DISORDER OF EASTERN GERMANY. THE DANTZIG CORRIDOR AND THE DIS- MEMBERMENT OF UPPER SILESIA

Germany laid down her arms under the pressure of famine, with the certainty of a just peace guaranteed by the Entente, and with the conviction that after the war there would be a general disarmament, and that victors and vanquished would enjoy mutual guarantees in the League of Nations. She was prepared to surrender

Alsace-Lorraine, to indemnify Belgium, and to restore the devastated French territories. These were the inevitable consequences of a lost war and a just peace.

But that which took place after the peace falsified all the anticipation of the Germans. It must be added that it falsified all the anticipations of the victors also, for even today they do not know the consequences of the peace treaties.

The whole of Western Germany was thrown into disorder by the cession of Alsace-Lorraine and still more by the violent and inexplicable act by which the Saar was torn from her. She saw the cession to Belgium of territory about which no one had previously thought; she saw an enormous army of occupation on the Rhine, which ever threatened, and which still threatens, to pass beyond the right bank of that river, which it already occupies under the pretext of non-payment of an indemnity which had not been foreseen, and which everyone knows can never be paid. She saw all her customs thrown into disorder by the provision of special measures for the Saar and Luxembourg, and she saw the whole of the Rhine district permanently disordered. The same program was unfolded, more fully and more violently, in Eastern Germany.

A new Poland was arising, not indeed the Poland heralded by Wilson—a Poland composed of undeniably Polish elements—but a Poland including large German and Russian populations, and in which the Polish elements account for scarcely more than half the population. This new Poland, which, with its imperialistic obsessions, is preparing for itself and newly risen peoples a terrible destiny (unless it makes amends for its errors in time),

fulfils two absurd functions—that of separating lastingly Germany and Russia, the two most numerous and prolific races on the Continent; and that of being the military agent of France against Germany.

While German Austria was being partitioned, and its German peoples allotted almost at random to the newly created neighboring States, Eastern Germany was flung into disorder, its territories being divided and convulsed, its production completely disorganized. When Poland was created, Posen and part of Western Prussia were given to her. When the free State of Dantzic, which had not, and has not now, any *raison d'être*, was created the so-called Dantzic Corridor was constituted, by means of which Prussia was divided into two parts. This was a new departure in modern history—the division of a great and progressive nation into two parts, and the subjection of all its commerce to the control of another State. Further, Upper Silesia, the most important part of Germany, was occupied by allied troops, to await the result of a referendum which was to decide whether that territory was to fall to Germany or to Poland. The frontiers of Germany, as laid down by Articles 27 and 28 of the Treaty of Versailles, constitute the greatest violation of the principles of self-determination, and are mere allotments of territory, marked out at random, and in violation of international law.

Their immediate effect, however, was to depress trade and to throw all production into disorder. The labor of centuries was destroyed at a blow. Poland, having obtained the Dantzic Corridor, and remembering that a part of Eastern Prussia had been in vassalage to her from 1525 to 1657, sought means to bring the whole

territory, even the most southerly part, under her dominion. One must read the memorial presented by the Polish delegation to Balfour (then Foreign Minister) in March, 1917, and to Wilson in October, 1918, to see what extraordinary things were then demanded, and in great part sanctioned afterwards by the Treaty of Versailles.

From Eastern Germany there were torn off the district of Memel, together with the city of Heidekrug, founded by the Germans 650 years ago, and part of the Tilsit and Ragnit districts which had belonged to Germany since 1422. An attempt was also made to deprive her of the districts of Oletsko, Ortelsburg, Reidenburg, Johannesburg, Lik, Sensburg, Allenstein, Osterode, Lolzen, and Rossell, which have been German for five hundred years; also the districts of Stuhm, Marienburg, Marienwerder, and Rosenberg, in East Prussia. If a referendum, with a majority of nine-tenths in Germany's favor, had not made more difficult certain proposals for dismemberment which are to be found in the treaty, the whole of Eastern Germany was destined for disruption. But the economic system of a vast area was ruined by the division of Prussia into two distinct parts; by the formation of a Polish Corridor on German territory and the separation of Dantzig; and by the cession of large portions of Prussia, and even of a part of Pomerania, to Poland. The territories assigned to Poland meant not only the loss of three million men, but the loss also of Germany's most important agrarian resources. Germany lost about one-fourth of her total production of grain, and about a sixth of her total production of potatoes.

Eastern Prussia, severed from Germany like a colony, is surrounded by Polish territory, by Lithuania, and by

the sea, and is left to the caprice of Poland. As a result of the treaty, twenty-one districts of Western Prussia, together with the southeast corner of Eastern Prussia around Soldun, with more than a million inhabitants, have been torn away from Germany, without a referendum, to form the Polish Corridor. Memel became the object of a fierce dispute, and Dantzig was constituted into an independent State.

Wilson, who scarcely knew Europe at all, and who often employed experts of consummate inexperience, had said no more in his Fourteen Points than that a Poland must be formed from peoples undoubtedly Polish, and that she must be guaranteed security of access to the sea. Now, a Poland of eighteen or twenty million people, with the assurance of the freedom of the port of Dantzig, was the subject of a pledge given by the Entente.

On the other hand, those who drew up the treaty aimed at the disorganization of the territory, and still more of the productions, of Germany.

The ancient Hanseatic city of Dantzig, the home of Schopenhauer and of many of the greatest intellects of Germany, began to flourish, with its rich agricultural territory, about the year 1250, on account of the immigration of German merchants and sailors, especially from Lubeck. It entered the German Confederation about the beginning of the fourteenth century, and the Hanseatic League in 1360—an important date in German activity and history. Poles do not number more than one per cent. in the Dantzig district; 3 per cent. in the Marienburg district, which has been partly ceded; 11 per cent. in Dantzig Hohe; and less than 4 per cent. in the city of Dantzig itself.

Without consulting the people, who had never expressed a wish to pass to another State, Dantzig has been formed into a separate State, nominally under the League of Nations, but actually under Polish control. With a population of 330,000, and an area of 740 square miles, it is nominally an independent State. Although its government appears outwardly to be controlled by the League of Nations (and therefore by the victorious States), Poland in reality has the preponderant share in it. Communication with Dantzig is impossible across a corridor of territory unjustly allotted to Poland. It is Poland that represents the State of Dantzig abroad—a fact which sufficiently indicates the sovereignty of Poland (Art. 104). Finally, Poland has a series of economic privileges. According to the constitution of August 11, 1920, which has been imposed on this free State, all power gravitates towards Poland; and, since January 1, 1922, Dantzig has formed part of the Polish customs system.

In traveling from the city of Kant to the city of Schopenhauer, that is, of the two greatest thinkers, not only of Germany, but of modern Europe—from Dantzig to Königsberg—Polish territory must be crossed, as also in traveling from Dantzig to Berlin. Never before had modern history seen such a fantastic or unseemly absurdity.

But it was still necessary to disorganize the production of Eastern Germany completely, to strike at the heart of the German iron and steel trade in all its varied forms, which, before the war, accounted for at least one-fifth of the exports of the country. Accordingly, when Germany's western frontier had been shorn of the Saar

mines, and when the Saar had been incorporated in the French customs system, it was still necessary to compromise the position of Upper Silesia, the greatest mining center, and the great reserve of Germany, and consequently of Europe. By putting Germany in conflict with Poland, and by depriving her of the whole or of part of Upper Silesia, the stream of German productivity was dried up at its very source.

If the severing of Dantzic from Germany had been a monstrous and arbitrary act, how was it possible to cut off Upper Silesia? It had been possible to find pretexts in the case of Posen, and pretexts in the case of Dantzic, but how could they be found for Upper Silesia, which had belonged to Germany without interruption for at least a thousand years? By no flight of fancy, even the boldest, before or during the war, could the least attention have been paid to Polish claims on Upper Silesia, which had never been the subject of doubt or of debate.

Article 88 of the Treaty of Versailles, however, required a referendum in Upper Silesia, and laid down the method and the form of it in an appendix to which no one paid any attention, and which received no serious consideration, even during the Conference; for it contained some regulations which would have been sufficient to make any absurdity possible.

If we examine the documents of the Paris Conference we find indeed that the first draft of the treaty did not even mention a referendum. In the outline of the peace-conditions, forwarded to the Germans on May 7, 1919, Upper Silesia was allotted to Poland without further to-do; but, since the transaction was too monstrous, recourse was had to a referendum.

The history of Upper Silesia, and of the deeds of violence which have been committed there since the Peace Treaty to induce the inhabitants to vote for Poland, would require a separate volume. Never, perhaps, was greater violence committed under a cloak of legality; never perhaps did the appearance of legality form a sharper contrast with the violence of the reality.

Upper Silesia contained the largest coal fields in continental Europe. As Germany had already been forced to cede the Saar mines in perpetuity, and to supply huge quantities of coal to the Entente as part of the reparations, and as she had also lost four-fifths of her iron ore, the total or complete loss of Upper Silesia completed her economic subjection.

Upper Silesia is essentially a mining district; 34 per cent. of its surface is forest-land, and 55 per cent. is under cultivation. Iron, coal, zinc, etc., are found in enormous quantities. On the eve of the war, during 1913, Upper Silesia produced about 40 million tons of coal. Its lead represented one-fourth of the total German output, and its zinc, 17.5 per cent. of the world's output. The quantities of coal buried under its soil are the largest in continental Europe, and, even if consumption increases considerably, they are sufficient for thousands of years. The whole of Upper Silesia forms one great economic unit. Its economic unity is evidenced by its network of railways, of both first and second rank, with their innumerable connecting branches—those lesser railways which link the centers of production with each other and with towns far away; by its electric cables, thousands of miles long; by a series of enormous aqueducts; and by the development of the great mining and engineering

trades, which are linked with each other not only by common interests, but by their very nature. When this unity was destroyed the whole of the industry of Germany received a severe blow.

When the referendum of March 20, 1921, resulted entirely in Germany's favor, and there seemed to be no doubt (at least on the faith of the treaties and especially of the Treaty of Versailles) that Upper Silesia was to be allotted to Germany, the German Government, in a note of April 7, set out clearly the reasons why Upper Silesia should never be separated from Germany. Upper Silesia is essentially a mining district and its economic system has been developed in very close dependence on the economic forces of Germany. German agriculture supplies Upper Silesia with food-stuffs which it cannot produce, just as German industry supplies it with raw materials and manufactured goods. The German money market supplies the credits and the capital, and the German schools supply the staffs and the workmen to whom the industry of Upper Silesia owes its progress. On the other hand, Germany is the chief customer for the minerals and the manufactured goods of Upper Silesia. Only the privileged position which has been made for Silesia in the German markets allows its industries to exist and to survive competition. The separation of Upper Silesia from Germany, whether wholly or partially, means the destruction of its industries.

It must be remembered, therefore, that Germany was the most important market for Silesian coal, thanks to the favorable charges of the German railways; that more than half the wood required for timbering in the mines came from Germany; that the iron trade of Upper

Silesia was able to be founded and developed, notwithstanding very great difficulties, through the exceptionally light freightage charges of Prussia; that the zinc trade finds in Germany alone the factories necessary for treating it; and that all the machinery and tools used in Upper Silesian industry come, or used to come, from Germany. To sever the connection of Silesia with Germany, whether in whole or in part, meant the drying up of the springs of its very life.

Apart from ethnical and economic considerations, the Treaty of Versailles referred every decision to the referendum, and decreed that the German troops should evacuate Upper Silesia, which was to be occupied by allied troops and governed by a commission composed of representatives of the four allied and associated States, which were afterwards reduced to three by the withdrawal of the United States.

If the Polish population in Upper Silesia is composed, above all, of immigrants working on the land or in the mines, it must also be said, to be honest, that Germany had, during her long period of rule, done all that she could to make the German element predominate.

On February 11, 1920, a month after the Treaty of Versailles had been put into force, the inter-allied commission, composed of the three heads of the British, French, and Italian delegations, met at Oppeln, the capital of Upper Silesia, and immediately began to govern. Germans and Poles commenced, without violence at first, their propaganda for the referendum. But afterwards, especially on the part of the Poles, deeds of extreme violence were committed, and assumed a real gravity in August. In anticipation of the referendum, and in

order to influence the result, first the German Government and later the Polish Government promised self-government to Upper Silesia if the decision were in favor of their own country. Bands of brigands ran wild throughout the whole territory. Among them were those commanded by the Polish brigand Korfanty, who sought every means of preventing freedom of election. Korfanty even declared that, if emigrants were allowed to vote, Upper Silesia would become another Macedonia. The idea of withholding the vote from those who had emigrated was upheld by the French representative also; but the contrary opinion of the British and Italian commissaries prevailed, and the Supreme Council decided that emigrants should be allowed to vote.

The difficulties of the referendum had been foreseen in June, 1919, during the Peace Conference.

At the sitting of June 2, 1919, Lloyd George had dwelt on the necessity of not allotting Upper Silesia purely and simply to Poland and had declared himself in favor of a referendum. Clemenceau demanded pure and simple annexation. He invoked the historic rights of Poland, and added that Germany must be separated from Russia in every way. If Germany were to become mistress of Russia, he said, our soldiers would have died in vain. Wilson, who was absolutely ignorant of the question, saw in it nothing but a struggle between capitalists. While Wilson and Lloyd George were disagreeing, Clemenceau came to the conclusion that there was danger in the referendum. "A referendum?" he said. "Very well! But not in Germany, where liberty has never existed; and not for Germans." After a long discussion, Clemenceau, seeing that the idea of a referendum was prevailing,

said: "I have nothing to add to my declarations. As you do not share my opinions, I must give way; but I believe that grave trouble is awaiting us in Upper Silesia, and that a quick solution would have been much better."

The discussion shows that none of those who took part in it had an exact idea of the Upper Silesian question, and that the referendum was decided upon only as a compromise.

The same divergent views were revealed in the inter-allied Commission at Oppeln as at Paris. The French general, Le Rond, who had played an important part in the Peace Conference, was president of the Commission. From the outset his attitude favored all the Polish demands, while the British and Italian representatives strove to maintain the strictest neutrality. Every act of violence, however, was committed, and, if not actually instigated, was at least protected. Several of the English officials who had been placed in charge of the referendum, resigned rather than assume responsibility for acts of injustice. The French delegation, larger in number and with wider powers, helped the Poles in all their efforts.

The Polish propaganda in Upper Silesia made a liberal use of money. Houses and inns were bought up, newspapers founded or purchased, and large sums expended on corruption. Germany resisted with the same weapons; but she could offer no resistance to the violence, the assassination, and the intimidation of the Poles, which often were not only tolerated, but even openly protected.

The Germans, too, committed acts of violence; but they were a small matter compared with the bloody deeds of the Poles. On January 11, 1921, the German Government sent two Notes to the Entente Governments, to

inform them of the growing state of insecurity that prevailed in Upper Silesia. These Notes spoke of the acts of brigandage committed by Polish bands in the districts on the east and south which touched the Polish frontier; and of the agitated condition in which the German population was living, exposed as it was to violence of every kind. On January 13 the German delegation at Paris brought to the knowledge of the conference of ambassadors a Polish plot of insurrection in the disputed territory. The Polish Government had strengthened its forces on the frontier; the demobilized soldiers of the Haller army, who had returned to Upper Silesia after the war against the Bolsheviks, were being organized; and the Polish *sokols* of Upper Silesia were crossing the frontier and assembling periodically at Sosnowicz to perform military manœuvres.

I have collected all the diplomatic documents dealing with the work of the inter-allied Commission in Upper Silesia, and with the action of the Polish and German Governments. After a careful examination, I can conscientiously affirm that every attempt was made to secure a Polish victory, and that, if it had not been for the impartial labors of the Italian and British delegates, no act of violence would have been withheld, and perhaps no act of slaughter.

The referendum was taken on Sunday, March 20, 1921, and gave the result which was to be expected, in spite of all attempts at violence. Out of 1,220,998 persons on the register, 1,190,846 voted—707,605 for union with Germany, and 479,359 for union with Poland; that is to say, 59.6 per cent. for Germany, and 40.4 per cent. for Poland. There were 3,882 spoiled papers. A two-

thirds majority, therefore, in spite of every pressure and every act of brigandage, decided for the annexation of Upper Silesia to Germany.

But, according to the appendix which, in the Peace Treaty, lays down the regulations for the referendum in Upper Silesia, the result was to be determined according to the majority of votes received in each commune. Now, out of the 1,522 communes of Upper Silesia, the Germans were in a majority in 844, the Poles in 678. According to the votes received in the separate communes therefore, the referendum still allotted Upper Silesia to Germany.

While whole areas had given more than 90 per cent. of their votes to Germany, Poland had received a majority only in Phys, Rybnik, and Tarnowitz.

Apart from the referendum, all the economic considerations made it imperative to allot Upper Silesia to Germany. Poland had contributed nothing to the marvelous development of the district, provided one does not give too much importance to manual labor of the most unskilled kind. During the inter-allied occupation the administration received from Upper Silesia 21 million marks. Of this amount, 2 millions only came from the Poles. Out of a land tax of 34 millions, the Poles paid only 0.9 million; while, out of 18,000 factories, more than 17,000 were German.

Even if the treaty were interpreted to mean that the referendum was to be taken by communes, the argument could not be used against the Germans. This regulation, in fact, was of value only as a rule of electoral procedure. It could never mean that, in the voting, communes with a hundred inhabitants had the same

importance as cities with tens of thousands. But even this argument fell to the ground in face of the result of the election.

The voting showed the firm resolve of Upper Silesia to belong to Germany. If the reports of the English and Italian commissaries in Upper Silesia were published, they would show to what acts of violence and infamy the German population was subjected. French troops often took part openly in Polish insurrections, and the Poles, having depots on the borders, made it useless to prohibit the carrying of arms. The English and Italian representatives tried in vain to hold things in check. France had sent such a large delegation to Upper Silesia that it took control of everything. Of the ministers of departments, four (Home Affairs, Finance, Treasury, Defense) were French, two (Transport and Provisions) were English, and only one (Justice) was Italian. On August 1, 1920, the French had eleven district controllers, as compared with five Englishmen and five Italians (afterwards increased to six Englishmen and seven Italians). The force of secret police was exclusively French, and Frenchmen were numerous in the new police force, which contained no Italians or Englishmen. At first a French general commanded the police in the disputed area, but he was afterwards relieved of his command and sent home. When arrangements were being made for the referendum, French troops in Upper Silesia were numerous, including eight battalions of infantry, six batteries of artillery, a squadron of armored cars, and a regiment of cavalry. There were no English troops, and only four battalions of Italian infantry and two batteries of artillery. After the Polish revolt of

1921 English and Italian reinforcements were sent, and finally there were eight English battalions and the same number of Italian.

The referendum removed all doubts.

An obvious disagreement between France and Great Britain then became evident. Britain wanted the treaty to be respected, and Upper Silesia, representing a single political and economic unit, to be assigned to Germany.

Lloyd George's speech in the House of Commons on May 13, 1921, showed that he clearly understood that to deny the result of the referendum would be equivalent to denying the treaty, and that it would be a more serious breach of international law than Germany's violation of Belgium during the war. From the historical point of view, he said, Poland had no right to Upper Silesia. Her only possible reason for demanding it was that it contained a large element of Poles, who had immigrated in quite recent times with the object of finding work, particularly in the mines.

Poland owes her freedom to Italy, France, and Great Britain. She was created by the treaty. The treaty must be applied with impartiality and justice, without considering the advantages or disadvantages that may result from it. Either the Allies must demand that the treaty be respected, or they must allow the Germans to make it respected.

In spite of everything, however, the idea prevailed—and it prevailed chiefly through the reprehensible attitude of the Italian Government—of not applying the treaty honestly. No honest man could permit any other solution than the cession of the whole of Upper Silesia to Germany. Instead of this, it was decided, by interpreting

the treaty in an absurd way, to give to Poland not only the communes in which Poles were in a majority, but even those in which they were not.

The three English, Italian, and French commissioners, trying to find a peaceful solution, and acting on the instructions of their Governments, endeavored, in the spring of 1921, to come to an agreement on the partition which should be proposed. The Italian representatives had received instructions from the Foreign Minister, Sforza (without Parliament having been informed), to further the Polish demands as much as possible. But the breach between the British and French representatives was irreparable. The former maintained that the partition should, in any case, be carried out in accordance with the result of the referendum. The French representative, however, announced that his Government, in the interests of the general European economy and the future of Upper Silesia, proposed to allot to Poland the whole of the mining area, on condition of her assuming part of the reparations owed by Germany and of submitting to inter-allied control for a certain number of years. He announced also that Poland accepted these conditions, which had, without doubt, been agreed upon in advance, and which corresponded to the whole program of the French iron and steel interests, which had played a large part in the framing of the Treaty of Versailles, and an even larger part in its application after the war. Poland made to the Italian Foreign Minister lavish promises of employing Italian capital and labor—promises which, naturally, were not fulfilled.

In view of the fact that the Italian representative had received from Rome instruction (directly due to the

action of the French Government) to expedite the Polish demands as much as possible, the Italian and British representatives in Upper Silesia had to modify their conduct; but the British representative would not substantially modify his views, which were in harmony with justice. The Italian representative, forced by his Government, made a proposal by which, in addition to Pless and Rybnik, Poland was to receive other territories, giving her almost the whole of the lead and zinc mines and nearly three-fourths of the coal fields.

In reality, as one of the three commissioners in Upper Silesia stated in his report, the dispute was not between Poland and Germany, but between Germany and France, since France was deliberately aiming at the disorganization of German production, and at compelling the German iron and steel trade to submit to French control. Italy, for reasons which are yet unknown, but which were certainly not in accordance with the national policy or with sentiments of justice, supported the most absurd pretensions and encouraged the designs of the Poles; while, on the other hand, Italy's representatives in Upper Silesia, especially the commissary-general and the officials under his command, behaved most honorably, and were respected and loved. France would have liked not only to take from Germany all her mining lands, but also to leave them under inter-allied control. This would have meant another lengthy military occupation of German territory, ostensibly with the object of insuring the payment of reparations, but in reality to perpetuate the French occupation.

Under pressure from the Foreign Ministry at Rome, the Italian representative in Upper Silesia was driven

to propose a solution favorable to Poland, and which the British representative did not support. Afterwards, however, even the British representative was authorized, out of a desire for conciliation, to subscribe to the Italian proposal, which represented the maximum of concessions to Poland. In August, 1921, the Supreme Council met at Paris, but no agreement was reached. The Italian minister, Sforza, then proposed, on his own initiative, without consulting the Italian representatives in Silesia, and without even informing them of his intention, that a new boundary should be marked out, entirely favorable to the Polish demands and the French program. Shortly afterwards, too, France secured at Geneva a success greater than the demands to which she had been willing to limit herself at Paris!

Meanwhile, a Franco-Polish bank had been opened, and was doing a brisk business, through the agency of a panic, in transferring securities from Germany to France. Thus, in a short time, more than 50 per cent. of zinc shares, and a third of the coal shares, assisted by the fall of the mark, passed to France.

The Sforza boundary was not only an act of violence and an error, but also an absurdity which sacrificed Upper Silesia entirely. Thus in the marking out of frontiers, it had no other effect than that of creating a new and greater Alsace-Lorraine on the Oder.

France, having succeeded in despoiling Germany of almost all her mining areas, and in exposing her flank at the same time to a strongly armed Poland which threatens her along an extensive military frontier, now aims at disposing of all the mineral and industrial resources of Upper Silesia, profiting by the favorable

military situation and by the fall of the mark, which had been deliberately provoked.

The text of the decision of the Upper Silesian question which was effected at Paris on October 20, 1921, by the Conference of Ambassadors, at the express charge of the allied Powers (Britain, France, Italy, and Japan) was communicated to the German and Polish representatives the same evening, together with a Note from President Briand. The Note stated that, although the decision was composed of two parts—the settling of the boundaries, and the establishment of a provisional economic régime for fifteen years—yet the allied Powers regarded it as an indivisible whole, and of such a nature as to admit of no reserves.

It had already been obvious, not long before, from its decision about Upper Silesia, that the League of Nations is nothing more than a servile instrument of the victors. It has no prestige, and is merely a new form of the Reparations Commission, designed to sanction and ratify those rights of victory which, for some years, have, in the phraseology of the Entente, succeeded the principles of liberty, self-determination and nationality, for which it used to be declared that the war was being waged.

The German Parliament, at the sitting of October 26, 1921, accepted the decision under threats of compulsion, but made a formal protest, which was communicated on October 28 to the Entente Powers, who declared the protest invalid. The Polish Parliament accepted the decision without reserve, as one that satisfied, not only its own interests, but the most absurd and unjust claims that had been put forward.

The decision of the League of Nations reeks so

strongly of insincerity and injustice that it would be worthy of a detailed examination. From the legal point of view, it is very strange that, instead of applying the treaty, the matter was referred to the League of Nations, from which, in fact, the vanquished were excluded. The referendum was practically nullified. It will suffice to say that, merely out of consideration for industrial interests, which wanted to entrench themselves against the German iron trade, Poland received the city of Kattowitz, in which, out of 26,715 electors (not counting spoiled papers), 22,774 had voted for union with Germany, and only 3,900 for union with Poland. At Königshutte, which also was awarded to Poland, 31,864 out of 42,758 votes had been given in favor of union with Germany! In reality, a single criterion prevailed in every decision—to deprive Germany of every possibility of economic development. Of sixty-one anthracite mines, forty-nine and a half passed to Poland, and eleven and a half to Germany; of the sixteen lead mines, four only have been left to Germany; of the thirty-seven blast furnaces, twenty-two have been allotted to Poland, and fifteen only to Germany; moreover, the first of these groups has a production of 400,000 tons, as compared with the 176,000 tons of the latter.

Thus, in addition to the disorganization of Western Germany, not merely in consequence of the treaties, but even in violation of the treaties themselves, all the productive power of Eastern Germany has been disorganized. Her iron, timber, lead, zinc, and coal industries have been ruined, and all her commercial treaties broken. The organization which had cost more than half a century of sacrifice was shattered; her communi-

cations, were thrown into disorder; wholly German territories were torn from her in violation of the popular vote; her railway system, her canal and river transport, were completely disorganized; a territory arbitrarily declared to be Polish was thrust between the one part of Germany and the other; and, finally, the port of Dantzic was taken away. Thus the foundations of Germany's economic life received a mortal blow.

IV. GERMAN COAL, IRON, AND STEEL IN EUROPEAN POLITICS

I have shown on many occasions that, while the German steel and iron trade was one of the causes of the ghastly European War (for which, however, all the countries of Europe are responsible to different degrees), yet the corresponding French trade has been one of the chief causes of the bad peace. Its directors continue to inspire the actions of their Government and the operations of the Reparations Commission. Their action is felt also in England and Belgium, and still more in Italy.

Before the war Germany had reached the point of producing almost as much coal as England. In 1913 Great Britain produced 292 million tons of coal, and Germany 190 million tons of coal and 87 millions of lignite. The French production, both of coal and of lignite, although it developed considerably during the last few preceding years, had not reached 41 million tons.

In the same year Germany produced 359 million tons of iron, and France 21.9 millions.

Germany, moreover, had increased her output of iron ore and cast iron to such an extent that it surpassed that of any other country in Europe, and she imported large

quantities of iron ore from Sweden, France, and Spain. Although the treaties took from her about four-fifths of her iron ore and made France the richest country in that mineral, Germany, notwithstanding the loss of the coal of the Saar district and of the coal and petroleum of Alsace-Lorraine, was still the richest country in coal on the Continent. Coöperation between the two countries would without doubt have been profitable, and it was tried, even after the war. But this attempt would not have permitted the industrial collapse and the economic depression of Germany, and the succeeding efforts were directed towards depriving Germany of all her greatest resources and thereby disorganizing her industry. The policy adopted in Upper Silesia, and the policy of the Reparations Commission, have had no other objective.

Of the 190 million tons of coal produced in Germany before the war, 114.5 million tons came from the Ruhr, 43.5 millions from Upper Silesia, 13.2 millions from the Saar, and 3.8 millions from Lorraine. When Lorraine and the Saar mines were lost, two great centers of production remained—Upper Silesia and the Ruhr. We have already seen how Upper Silesia was disposed of, contrary to the treaty and contrary to the referendum. A large section of the Press in England, France, and Italy, influenced in all these countries practically by the same motives, speaks of the Ruhr as if it were a territory to be invaded in case of the non-fulfilment of those obligations of the treaty which everyone knows can never be fulfilled.

The Treaty of Versailles did not confine itself to depriving Germany of large coal-producing areas. It even stipulated the quantity of coal which Germany must cede

to France, Italy, and Belgium, as part of the reparations.

Germany is compelled, even after the loss of her best territories, to supply France with seven million tons of coal each year for ten years, in addition to a quantity of coal equal to the difference between the prewar output of the Pas-de-Calais coal mines and their present output. This amount is not to exceed twenty million tons per annum for the first five years, or eight million tons in each subsequent year.

Further, Germany has to supply Belgium with eight million tons of coal for ten years, and Italy with a quantity ranging from four and a half million tons in the first year to six millions in the second, seven millions in the third, eight millions in the fourth, and eight and a half million tons in the six remaining years.

If Upper Silesia had remained with Germany the coal situation, although difficult, would perhaps have been supportable. But now, as Germany must, at the command of the Reparations Commission, surrender 1,916,000 tons a month, she is utterly unable to provide for her internal consumption. When she lost Upper Silesia, the output of the Ruhr decreased, owing to the domestic crisis; and Germany, notwithstanding the disastrous state of her exchanges, was compelled to buy the very coal which she surrendered as part of the reparations in the Saar, and to purchase considerable quantities of coal in England. The coal which Germany used to purchase in England before the war was of a kind specially adapted for industry. The coal which she buys now is needed solely to make good the enormous deficiencies in the supplies for industrial and home consumption.

Many German industries are now in a precarious

position owing to the coal shortage, and must submit to every kind of privation, while the privation endured by the civil population is severe. The gas works along the coast are kept going, when possible, with English coal; those in the interior can function only to a limited extent.

In general, the increasing difficulties of industry and finance, and the disorder which has been brought about, tend to decrease the coal output in the territory still left to Germany. This decrease is not yet sufficient to cause alarm; but it is the less considerable, especially in the Ruhr, and, even though the decline may perhaps be arrested, it is a grave symptom.

The necessity of supplying 1,916,000 tons of coal each month as part of the reparations, after Germany has lost a great part of her best coal fields, will place her industries in ever increasing difficulties. Consequently, the consumption of coal has been reduced by anything from 10 to 50 per cent., and even more, in all trades, or practically all. Many factories are kept going only by using English coal, with a reduced consumption, and with enormous sacrifices. Many of them live from hand to mouth.

While the coal trade in Great Britain is mainly in difficulties owing to lack of markets, and while Belgium and France encounter the same obstacle, and while even in the Saar there is compulsory unemployment in the German mines ceded to France, there is a shortage of coal almost everywhere in Germany.

Wasted labor of every kind is increasing from day to day. The French railways and the gas and electric light works of Paris mostly burn Ruhr coal, which comes from the Rhine. In the same way English coal, and coal

purchased in France and Belgium, is sent back to the Ruhr. While there is an alarming shortage of coke coal in Germany (especially owing to the obligation of supplying it as part of the reparations), German industries receive daily supplies from the Belgium coke syndicate. The Reparations Commission, at the instigation of the iron and steel trusts, has frequently insisted in its demands for that kind of coal the shortage of which would do most to depress German industry—special coal for making coke. The quantities demanded in the Ruhr basin amount to more than a third of the total output.

Under the influence of so many causes of trade depression, the coal output of the Ruhr has decreased by more than thirty thousand tons a day; and the part of Upper Silesia that has been left to Germany can produce very little.

The difficulties of German industries, and especially of the metal trades, are becoming so great that they are driven to discuss the possibility and the convenience of putting themselves under the control of French industries. This proposal is made easier for France by the extreme depression of the German mark, which has been brought about by the use of economic weapons.

The robberies which have been committed in allotting the property of the State (as the mines of Upper Silesia), or of princely families (as in the case of the Hohenlohe) to private speculators of the Entente would deserve separate consideration, for they are very expressive of the violent frame of mind which now dominates the victors, who confuse rapine with right. One must go back to the Middle Ages, and to the most degenerated forms of feudalism, to discover anything which, in vio-

lence or cynicism, can be compared with the new forms of international spoliation, and of the plundering of private property, which have been introduced since the war.

Germany's most valuable resources are being destroyed little by little, and the European market, which sees its difficulties increasing every day, is being disorganized.

On the same principle by which the negroes of the Ivory Coast are being brought to the Rhine to outrage German women and to humiliate the German people, all the vultures of international capitalism are being brought to the robbery of the vanquished race.

V. THE REPARATIONS COMMISSION

The establishment of the Reparations Commission (Arts. 232, 243 and appendix) is, as we have seen, a new factor in the history of modern treaties. The Commission has immense powers. It decides how much Germany and the other conquered countries must pay, and the manner and time of payment. It controls their finances, their economic life, their activity. It can, by means of its representatives, have a finger in everything. It can modify laws and regulations, and even make them, if it thinks fit. Its members enjoy every kind of immunity. They are responsible only to the Governments which have appointed them. The vanquished are under an obligation not to regard as hostile acts any of the measures, even the most absurd of them, which the Commission may take against them.

With the idea of making the vanquished pay, the Commission began by paying its members enormous

salaries. Salaries of two, three, and even four hundred thousand francs are paid to men of no ability, and who, in their own countries, used to get only a small part, sometimes only an eighth or a tenth, of the salaries which they now vote themselves. Officials and magistrates of no ability are paid five, six, and even ten times more than the Prime Ministers of their own countries.

Since the members of the Commission are responsible only to their own Governments, their action is guided merely by the political and financial conditions prevailing at the time. The Commission sits at Paris, and, notwithstanding a certain reservation which must be made with regard to the British representatives in particular, it reflects the conditions of its environment.

At the outset the Commission was composed of men of firm character; but, owing to the withdrawal of its most representative and important figures, it now includes only men of extreme mediocrity, and its incompetence is surpassed only by its cynicism.

It will be enough to say that, a short time ago, when Austria was in the throes of a real financial agony, and when Hungary, spoiled of her best resources, was preparing to meet the same fate, the Commission fixed the sums which those countries must pay towards the reparations at six milliards in gold. Minor politicians of no standing, diplomats ignorant of everything, and magistrates with a very mediocre knowledge of the laws of their own countries, are to decide what Germany is to do, how much she is to pay, and how she is to pay, and are to take complete control of the domestic affairs of Europe's most cultured country. They must therefore react on the economic system of the whole of Europe, without

being conscious of it, and even without knowing the condition of a single industry.

Anyone who is accustomed to the governing of a State knows how difficult it is, in economics and finance, to take measures with regard to production. The best intentions and long study are often insufficient. The processes of modern production are so complicated that no politician can make himself a thorough master of them. Having devoted all my life to economic research and the study of the economic structure of my country, I have often been compelled, during the many years of power which I have passed in various ministries, to confess the difficulty, not only of solving, but even of grasping the complex problems of modern production. Problems much more complex have had to be solved in the Reparations Commission by men who are altogether ignorant, and who do not even know the language of the conquered countries which they govern as if they were absolute sovereigns. The majority of the innumerable officials and dependents of the Reparations Commission had never seen Germany, knew nothing about any industry, and had no experience whatever of economic facts. They frequently give decisions under the influence of political and banking interests; and their decisions are almost always at variance with common sense.

After the war all the vanquished countries were, as a result of the treaty, flooded with innumerable commissions—military and civil commissions, commissions of government, commissions for the consignment of materials, commissions of control. All these spent enormous sums, often without any decent pretext. The most voracious war profiteers, both civilian and military,

poured over the conquered countries, filled with a spirit of greed and violence, like a band of mercenaries. I have collected a whole series of data on the subject of their expenditure, their salaries and their achievements. I do not wish to publish them, in order not to rekindle hatred; but the day will come when it will be considered a disgrace to have belonged to those commissions of plunder. The most useless commissions have been invented, even for poor countries like Austria—such as commissions to insure the fulfilment of military, naval, and aeronautical conditions, when Austria no longer has any power and has no longer the means to dare to do anything.

Reading the Notes of the Reparations Commission, one has the impression that it often has not the remotest conception of the condition of the countries whose lot it is deciding, or of their economics.

The famous Notes of March 21, 1922, are the most absurd and arbitrary that can be imagined. It can be said that the Notes which followed surpass them, although it was very difficult for them to do so.

The Reparations Commission has decreed the formation of a Committee of Guarantees, which is but an emanation of itself. This Committee, which sits in Germany, controls the application of all measures adopted by the Commission. Henceforward, all the finances of Germany may be said to be regulated by this Committee. It examines income, expenditure, and issues of the floating debt, measures for preventing the exportation of capital, publication of statistics, etc. In accordance with the Note forwarded by the Committee to the German Chancellor, two of its representatives are at the Ministry of Finance at Berlin: one examines income, the other

expenditure. The German Government has to forward to the Committee its budget-estimates, the outlines of any new fiscal laws, and every proposal for securing fresh credits, at the same time as it places them before the German Imperial Council. Every grant of supplementary credits of more than 500,000 marks (that is, practically every demand for credits) must be notified, and a cash-statement must be rendered every month. The financial accounts of the separate States must also be rendered. All measures concerning the central administration and the collection of taxes must also be notified together with a statement regarding the economies demanded by the Reparations Commission.

No payment must be made beyond the limits of the fiscal credits, and the Committee's representatives have the right to confiscate and to control everything.

To prevent the exportation of capital, even the banks are under control. They cannot remit funds to foreign countries without the consent of rival organizations. In order to make purchases abroad, they must possess certificates from the Chambers of Commerce. Heavy fines and imprisonment are imposed in case of evasion of these regulations.

As its exports are controlled, the German Government must present every month a statement of exports, showing the payments in marks and in foreign coinage. It has also to render, at fixed periods, statements about the railways, navigation, etc. The most intricate details about finance and trade must be communicated without reserve.

Thus Germany has lost the character of a sovereign State, and is controlled in every act of its domestic life,

its economics and its finances, as no country in Europe ever was before—not even Turkey, when in the lowest depths of economic servitude.

Wilson had stated in his Fourteen Points, on the strength of which Germany made peace, that, after open treaties of peace, all economic barriers were to be abolished, and the same rules were to govern the life of the big States and the small. He had also stated, and America had confirmed his statement, that the Entente was not at war with the German people, but solely with the German Emperor.

VI. THE ARMY OF OCCUPATION ON THE RHINE, AND NEGRO VIOLENCE IN EUROPE

The Treaty of Versailles, after having provided for the complete military and naval disarmament of Europe, had stipulated that the German territories on the left bank of the Rhine, and the bridge-heads, were to be occupied by an inter-allied army for fifteen years, beginning from the time at which the treaty should enter into force (Art. 428). If Germany should fulfil the conditions completely, the area of occupied territory was to be reduced every five years, and, at the end of the fifteen years, the Allies alone were to decide whether the occupation should be prolonged (Art. 428). Further, it rests with the Reparations Commission alone to say whether Germany refuses, entirely or in part, to execute the requirements of the treaty, and to decide whether or no the evacuated territories are to be again occupied.

Territories on the right bank of the Rhine were subsequently occupied, without justification, and contrary to the very Treaty of Versailles. In March, 1920, without

the general consent of the Allies, France occupied the two great German cities of Frankfort and Darmstadt. As I was then at the head of the Italian Government I did not fail to protest strongly, and Lloyd George acted with the same spirit. In July, 1920, the threat of all the Allies to occupy other cities induced Germany to accept the conditions of the Spa Convention, which can never be executed. When a similar threat in 1921 produced no result, the cities of Duisburg, Ruhrort, and Düsseldorf were occupied; and, even when the cause of the occupation had been removed, the French occupation was maintained. In May, 1921, the threat of occupying the Ruhr basin compelled Germany to accept the conditions imposed on her. These occupations on the right bank of the Rhine, thrice threatened and twice carried out, are at the same time a supreme act of violence and a violation of the Treaty of Versailles.

Except for the penalties prescribed by the treaty, there can be no others at the whim of the victors. Those who want to justify whatever takes place are driven, for lack of other arguments, to quote, not the text of Part 7 of the Treaty (Penalties), but some words which are found in an appendix to Part 6 (Reparations). The second appendix to paragraph 17 says that, in case of non-fulfilment by Germany of any of the obligations of the treaty (and this certainly refers to the economic obligations with which the Reparations Commission is concerned), the Commission shall immediately notify the non-fulfilment, adding all the measures which it may seem necessary to take by reason of the non-fulfilment. This refers to measures of an economic character. No one could ever suppose that the madness of the victors would

lead them so far as to maintain that any German territory could be occupied, outside the area of occupation laid down by the treaty.

We will now see how the inter-allied occupation was brought about.

When Germany was at the zenith of her military power, and considered the Rhine zone of the greatest importance, she had, in what is now the occupied territory, 70,000 men, confined almost entirely to twenty-eight centers. As Germany had no real army after the war, these figures could have been reduced in the case of the army of occupation. On the contrary, there was a determination that a real army should garrison the occupied zone. On December 1, 1921, the armies of occupation still numbered 130,000 men, distributed in 228 places. As there was a shortage of billets and barracks, it was found necessary to commandeer a large number of private houses; and, on the same date, 9,700 billets, numbering 38,000 rooms, were commandeered, in addition to 13,000 billets of a single room each, all in private houses. The private billets have been, and often still are, occupied by officers, non-commissioned officers, and men, with violence and harshness of every kind, and in all cases without consideration for the feelings of the householders. In addition, sixty schools, which accommodated 16,450 pupils, were occupied by the military up to November 1, 1921, as were also twenty-three theaters and fifty-one cinematographs.

A number of rural small-holdings, almost all under intensive cultivation, and covering a square mile, together with 167 industrial undertakings, have been commandeered for military purposes. The armies of

occupation take whatever they require, and do whatever they wish, without any consideration for the inhabitants.

At the time when Germany was able to look forward, and when, according to French assertions, she really was looking forward to the war, and preparing for it, she had, on what is now the occupied territory, nine aviation camps. At the present time, when Germany is powerless to make war, and has laid down her arms in the occupied territory, twenty-four new camps have been formed, thus withdrawing from agriculture five square miles of land, mostly of the very best quality. During the period of German militarism there were seven camps for shooting-practice and manœuvres. Seventeen new camps have been formed, covering twelve square miles, nearly all of the best agricultural land; and, in addition, new aviation and training camps.

The inhabitants have almost always been treated by the French and Belgian troops as though they were mere colonists. The municipalities are compelled to supply German women, to maintain brothels, and to cover the expenses appertaining to them. We have been able to verify, in a financial rate, the fact that, up to the end of October, 1921, the State had granted 802,000 marks for this object, in addition to the even greater expenditure of local bodies.

According to a Note presented on March 2, 1921, by the sub-committee of the Reparations Commission to the German Commission for war-expenses, the expenses of the armies of occupation on the Rhine, from the armistice up to December 31, 1921, were already 1,227,248,596 gold marks for France, 1,132,956 for the United States, 947,621,997 for Great Britain, 183,-

585,584 for Belgium, and only 10,064,861 for Italy, who, quite rightly, has never wished to take part in the occupation. These proportions were changed later, and those of the French and Belgian troops now greatly predominate, although all the Rhine cities prefer Anglo-Saxon troops, with whom conflicts are much less frequent, and relations, if not cordial, are much less difficult.

Although expenditure, compared with the incredible extravagance of the early period, has been reduced, yet, at the end of March, 1922, it amounted to 5,536,954,542 gold marks and more than fourteen milliard paper marks—in round figures, six milliard gold marks. This sum represents the amount which Germany, with great sacrifices, could have paid as reparations.

Generals, officers, and soldiers have, in nearly all cases, been granted rates of pay very different from those which they received in their own countries. The officers have commandeered luxurious apartments, and, in the midst of an absolute dearth of housing accommodation, have demanded magnificently furnished club-rooms.

The worst example is provided by the Rhine Commission, which was to have consisted of four members, but has had a membership of as many as 1,300 persons, including seventy-five delegates, claiming the accommodation and allowances of brigadier-generals. The headquarters of the president of the Rhine Commission, in the palace of the Superior Provincial Presidency at Coblenz, ate up a million and a half of marks. The upkeep of a single carpet, valued at more than half a million marks, cost more than twenty-five thousand marks.

The French and Belgian officers often brought in their

train not only their families, but their relatives and friends, and, in some cases, strangers also. Thus the number of dependents on the families grew, as bureaucratic language expresses it. The military authorities themselves decide who is to be considered as belonging to their subordinates' families, and the whole retinue of the troops is often lodged at the expense of the Germans.

The Rhine district is in military servitude. This servitude has been extended subsequently to the territories which were occupied in violation of the Treaty of Versailles, by means of a false interpretation of a clause which sanctioned economic penalties only. According to the system imposed throughout the occupied territories, the inter-allied Commission, which, as we have already seen, has given melancholy examples of violence and avidity, has the right to formulate any conditions that may be necessary for the maintenance, the security, and the needs of the armed forces of the Entente. It can do practically everything, even to requiring German women to prostitute themselves to Central African negroes. The pretence of ensuring security is so elastic that all measures are justified by it—banishment of citizens, Press censorship, prohibition of public meetings, etc.

According to the memorandum forwarded by the German Chancellor to the Reichstag on March 21, 1922, the private soldiers of the Entente serving in Germany receive pay three times greater than that of the higher-grade German officials. The Chancellor and all the Ministers of State of Germany together do not receive (even including all their official allowances) as much as two generals of the Entente. The families of German workmen, clerks, and officials have to live on less than

a tenth part of the pay of one English soldier. As a result of these enormous and extravagant rates of pay, those who serve in the occupied zone, and in the arbitrarily invaded cities, want to stay there. The inter-allied Commission of Control had already completed its task in May, 1921; but the 752 officials of which it was composed were reduced only to 450.

It can be said that two-thirds of the income of Germany for 1922 are ear-marked for the execution of the Peace Treaty. Owing to the deflation of the mark, an income of 182 and a half milliard paper marks had been budgeted for, and yet the mark in March, 1922, was worth eight times more than it was in the autumn.

All the other Commissions follow more or less the same example. A member of the Commission of Control on the Rhine demanded apartments consisting of seventeen furnished living-rooms, in addition to twenty-two bedrooms for his suite and dependents.

The devastated territories of France could already have been reconstructed with the money spent on the armies of occupation, whereas steps towards reparations are hindered by increasing and keeping high the expenditure of the occupation. This has the result of suffocating Germany, with the hope of dismembering her and of keeping her for a long time under control, in a state of subjection.

The result of creating all these organizations of mistrust and strife has been that only insignificant sums have been really devoted to reparations. The chief objective, however, was to disorganize German industry and to depress the German people.

In 1921, when the mark was very far from having

reached its lowest level of deflation, there was one general who, everything included—pay, allowances, and quarters—cost 3,620,000 marks per annum.

The expenses from May 1 to December 31, 1921, for purchasing land, erecting new buildings, and adapting existing ones for soldiers' quarters, amounted to 109.5 million marks for Great Britain, 50.2 millions for the United States, 661.2 millions for France, and 197.2 millions for Belgium. These figures are those for the zone of occupation as laid down by the treaty only, and do not cover those for the cities occupied as a result of the false interpretation of the chapter dealing with penalties.

The expenses of all the celebrations, sports, and military displays in celebration of the victory over the occupied country are borne by Germany. A sum of 75 thousand marks was charged for the erection of a transportable gallery for a military tournament at Magonza in 1921.

The amount which it is claimed that Germany should pay for the quartering of officers is almost incredible. When the mark stood relatively high, it cost 464,116 marks to furnish the quarters of an English delegate, who ranked as a lieutenant-colonel. Among the expenditure we find 30,000 marks for a saloon decorated in mahogany in the style of the Empire; 16,000 marks for a dressing-room in lacquer; 11,150 marks for a bedroom in white lacquer; 55,800 marks for another in cherry-wood and maple; 43,000 marks for a dining-room in walnut and maple, and 6,400 for a servants' bedroom. We find also sums of 4,627 marks for supervision of fittings by an engineer specialist; 9,282 marks for supplying damask; 954 marks for a silk bed-canopy;

19,150 marks for two counterpanes de luxe; 806 marks for a canopy of blue silk; 1,300 marks for a lace counterpane; 3,950 marks for an Indian carpet; 1,353 marks for an ink-stand; 553 marks for a confectionery box, etc.

In the year 1921 alone, the armies of occupation ordered 284,539 tons of coal. As the average strength of the armies in that year was 135,844 men, the consumption of coal amounted to two tons per man. This amount is all the more enormous if we remember that most of the troops live in large barracks. In addition, 174,333 tons were supplied indirectly by Germany, through the local councils!

The officers, in selecting their furniture, often raised aesthetic objections, and consequently the furniture was often changed to satisfy a mere whim. This foolish and unreasonable expenditure is immoral in every way, for it is made to the detriment of those who cannot retaliate, and is contrary to every principle of humanity and justice.

A letter from the headquarters of the Rhine army on August 22, 1921, ordered the construction of a special floor for the bedroom of the Commander-in-Chief, who was then quartered in the castle of Magonza. The existing floor was in good condition and covered with a valuable carpet; but a change was wanted because some parts, when trodden on, made a slight noise. The design chosen for the new floor was nowhere on the markets, and therefore it had to be specially made. When its separate parts were ready, they could not be laid down, as the Commander-in-Chief's wife had been taken ill. The Commander-in-Chief subsequently decided that the new floor would be more suitable if he were to live at the

castle at Waldhausen (near Magonza) and he ordered it to be adapted to his new quarters immediately. When the floor was already in place, an instruction from headquarters arrived to the effect that the General, in obedience to superior orders, could not take up his quarters in the castle; and all the expense was therefore wasted.

Examining many of the demands on Germany, one finds that they are due solely to caprice, to a rage for luxury, and even to a deep-set desire to impose fresh humiliations on the vanquished. Thus we find that many expensive projects, demanded in hot haste, have been immediately abandoned, or have produced no practical results.

Several times at allied conferences I have urged the necessity of reducing the armies of occupation, and their expenditure in particular; but, when the spirit of violence and the spirit of greed unite in men who believe that everything is lawful to the victor, the very Governments are often powerless to stem the tide of mischief.

Lord Newton, speaking in the House of Lords of the inter-allied commissions in Germany, declared that the sight of those commissions, abandoning themselves to an excessive luxury in the midst of a ruined people, is one of the most repugnant spectacles that it is possible to imagine.

Unhappily, this repugnance is felt only by a few noble souls, for the moral decline of Europe is so great that nothing excites indignation any longer.

In a report of the Financial Commission of the Ambassadors' Conference of April 15, 1921, the salaries of the armies of occupation are set out in a more modest form. Among the expenses of the occupation

are included those of the Ruhr, which, according to the treaty, ought not to be occupied by allied troops at all; also those of the occupation of the right bank of the Rhine, which was carried out in complete violation of the treaty.

The gravest feature of the occupation of the Rhine, however, has been the introduction of colored troops.

The number of colored troops on the Rhine varies considerably. They are most numerous in the summer, and least numerous in the winter. In the spring of 1920 there were in the Rhine district seventeen colored regiments, each of an average strength of 2,500 men. In May, 1920, two regiments of Senegalese negroes were despatched to Syria. In March, 1920, there were still 55,000 colored men on the Rhine. Even during the winter, according to statistics collected in the occupied territory by local authorities, there were not less than from 18,000 to 20,000. The colored troops are exclusively French subjects—negroes from Central Africa; yellow men from Madagascar, chiefly Malays, but partly negroids; Indo-Chinese Mongols; brown men from North Africa—Semites such as the Arabs, and Berbers such as the Cabili.

The cities occupied by these troops are among the most cultured on earth; illiteracy is unknown in them, and the passion for art is at its highest among their inhabitants. The Rhine cities which contain the greatest masterpieces of Gothic art now lodge negroes who come from mud huts.

Consideration is often given to the aesthetic tastes of the conquered peoples. Orchestras of negroes and African barbarians play in the squares of the occupied

cities, and programs of African music are given frequently. The inhabitants of the country which, with Italy, has given the greatest musical geniuses to the world, from Mozart to Beethoven, from Bach to Wagner, have the advantage of being able to hear almost barbaric music. At Wiesbaden, in this very summer, bands of African negroes regaled Germans and foreigners with African melodies.

Poincaré, shortly before his return to power, maintained that it is untrue that a long and indefinite occupation can irritate the feelings of the Germans. "Perhaps," he wrote, "a short occupation irritates more, on account of its placing an arbitrary limit; whereas an indefinite occupation, with no limit but the complete fulfilment of the treaty, is understood by everyone. The longer the occupation, the more relations tend to improve."

If his remarks are not to be interpreted in a humorous sense, one can only ask Poincaré whether he has ever considered what his opinion of Frederick William III of Prussia and of William I of Germany would be, if, having won the war of 1815 and the war of 1870 respectively, they had decided to leave their armies in Eastern France for half a century, with the idea that, whereas a brief occupation of two years (as in 1815), or of a few months (as in 1870) would have irritated the French, a long occupation was understood by everyone. According to Poincaré, the longer the occupation had lasted the more relations would have improved. Judging by this theory, and coupling with it the ideas which inspired the authors of the Treaty of Versailles, a German occupation on the Rhine would have been able to prevent the war of 1914 altogether. The longer the

time, the more the French would have become accustomed to the occupation, and the more their relations with the Germans would have improved!

When the Entente, during the war, brought colored troops to Europe to fight against Germany, among them being, in the French service, almost savage African negroes, we declared that Germany's protests were unjustified.

The Germans, after violating Belgium, declared that necessity knows no law. This is not the expression of an elevated morality; but war breaks the ties of tradition and of morals. The one essential in war is to win. Respect for some traditional standards of international law, and for some no less traditional understandings, is less an act of chivalry than mutual safeguard among the belligerents. A people which is defending its very existence is, by that very fact, if not justified, at least tolerated by the public opinion of the world, if it employs every means of coercion and violence. Germany violated Belgian neutrality; but the action of the Entente in Greece was something very much more than persuasion. The Germans used submarines against merchantmen and passenger-ships, and stained themselves with abominable crimes. But the Entente imposed the blockade, which was a less obvious and less sensational form of destruction, and which starved a large number of people, and perhaps slew more men than the submarines. Both sides employed the most treacherous weapons—flame-throwers, tear-gas, poison-gas, etc. Never was a war fought with more violent or cruel weapons, and, on both sides, horrible carnage was caused by fear of defeat and lust for victory.

However distasteful it may be to admit it, and however repugnant to one's mind, whatever is necessary in war becomes also legitimate. Every upright statesman, every great thinker, every honest writer, ought to direct all his efforts to avoiding wars. But, when war is declared, and he who causes most slaughter becomes a hero, it is ridiculous to be shocked with those acts which are only the proofs of a state of necessity. It is for this reason that, when Great Britain and France brought into Europe men of every race and color, including negroes of inferior civilization from the heart of Africa—men who until yesterday were, and perhaps still are, cannibals—we considered that the protests of the Germans were exaggerated or unfounded. Those who employed submarines against merchant ships, and who barbarously sank liners, had no right to protest. Germany's unjust violence brought the unjust violence of the Entente as a consequence.

Even the dissemination of false news is a weapon of war. All the world believed for a time that the habitual exercise of the Germans in Belgium was to cut off the hands of babies. There was no truth in the story, and there are no more handless babies in Belgium than there are in England or in Germany. The news was false, but the most reputable papers published it; telegraphic agencies spread it broadcast, and thus nourished the mistrust of the world, a fact to which Germany owes no small part of her fall. The thing to be avoided is war; in war, however, it is difficult to avoid violence of any kind, subterfuges of any kind. Even the dissemination of false news is a weapon, just as asphyxiating gases are. Its use is permitted, even if all parties find it repugnant.

But, when peace has been declared and danger has passed, every offense against international law, every outrage committed against the vanquished, every violation of pledges, every negation of justice is an outrage on civilization and morality; it sows the seed of hatred and drags Europe ever downwards to the condition of a huge Balkan peninsula, in which the most noble sentiments are replaced by an ignoble rancor. The degree of civilization of the victors is measured by their conduct towards the vanquished. Outrages on the vanquished prove the dishonesty of the victors.

History is a series of mingled victories and defeats. No nation is always victorious. Civilization consists in the securing between victors and vanquished of those relations which make victory less unjust and defeat less insupportable. Cannibals devour their defeated foes. Less savage races reduce them to slavery. Modern peoples who call themselves civilized content themselves, or at least used to content themselves, with securing their own safety and with putting the vanquished in a condition of being unable to injure them further.

But, in the case of Germany and the other defeated countries, methods have changed. It has not sufficed to take from the vanquished everything that could be taken; but there has been a determination to humiliate, outrage, and offend all their sentiments of family pride, of race, and of honor. Even today only a few years from the signing of peace, yellow men, brown men, and black men are quartered on the Rhine, and are committing acts of violence, and crimes of every kind, with impunity.

If France had lost the war, and if Germany had brought regiments of African negroes to Lyons and Mar-

seilles, in order to ensure the payment of an enormous indemnity within fifteen years, all the civilized world would have considered it a horrible deed, and our hearts would have swelled with indignation. Yet, without protest, we allow this to happen in Germany, and we allow wretched negroes to commit every kind of violence and every crime.

I have carefully collected all the official publications, all the German notes, and everything published in America and England with regard to the occupation on the Rhine. I have read thousands of accusations, of reports, and of memoranda referring to these acts of violence. Never have I experienced a greater sensation of disgust and horror.

I consider that, in the interests of civilization, and of the dignity of the human race, I must not relate what I have gathered from those documents. Women have been assassinated, children assaulted and outraged; old women have found their age no protection; women have died as a result of the outrages which they have undergone, and young boys have been violated. But all that is as nothing compared with the cold-blooded cruelty which accompanied the demand that the German municipalities should furnish German women for houses of prostitution, to gratify the lust of negroes. How many women have been violated with impunity, and have been forced to keep silence on their shame, for fear of greater injury! How many German cities have been forced, at their own expense, to equip houses of prostitution, and to staff them with their own women, for the sake of white, yellow, and black troops! How many acts of violence there are which have never had the epilogue of

a lawsuit! How many rapes have gone unpunished? The authorities frequently took a delight in not tracing the authors of these crimes. Almost savage negroes were often concerned in them, who scarcely understood (or at least often said they did not understand) orders given in French.

What are the atrocities attributed to German officers during the war, compared with these?

The cry of woe of the German women, unlistened to today, is a terrible reproach to Christian peoples, who call themselves civilized and democratic, and who, only a few years ago, solemnly declared that they were fighting for the rights of civilization, for the triumph of justice and for the equality of free peoples.

But the war has made us insensible to every lofty sentiment and every idea of justice. The rights of victory permit violence and crime even during peace. Not even religious associations, Protestant pastors, or Catholic priests, seem to be greatly moved; and, while they expend huge sums on propagating Christianity in China, they look on apathetically at the atrocities in Europe. Those who preach the Gospel of Christ have not a word of indignation to utter. The German women's cry of woe is lost in the desert of sentiment.

I do not want to relate all that has taken place on the Rhine. I will say only that, although the English have erected a monument to Miss Cavell, who was the victim of barbarism and of the German violence during the war, her martyrdom was a small thing compared with the martyrdom of the German women in time of peace. One day, when civilization is again honored, and when international law is once more respected, the Germans

of the Rhine will have to record the names of their poor women and of their unfortunate girls who were contaminated by negro violence at the desire of the victors.

The waters of the Rhine have seen all the battles and conflicts of more than two thousand years. Much blood has been poured out on both banks of the legendary river of heroes. But never, until now, did the river sacred to battles and glory reflect from its green shores the black faces of African cannibals, brought thither to enforce the rights of the victor on the most cultured people in the world, on the people which has contributed most to modern civilization, and which has given the greatest number of architectural monuments to art and to faith.

VII. THE DISORGANIZATION AND ECONOMIC DEPRESSION OF GERMANY

Germany, even after so cruel a war, and with all the difficulties she had found in provisioning herself during the blockade which hemmed her in, came out of the conflict with her productive mechanism on the whole intact. The Treaty of Versailles, and, still more, the manner in which it has been applied, has convulsed production, disorganized all the exchanges, and made every economic transaction insecure.

The most important essential of production is at least comparative stability. No production is possible where everything is unstable. In Germany since the war everything is unstable; the treaty has left everything unsettled. The question of war indemnities (wrongly called reparations) is undetermined; the form of payment is uncertain; and even the extent of Germany's territory is

uncertain. In addition to the large tracts of territory which have been allotted at random, there are others which have had to be submitted to a referendum, and which have often been abandoned to violence, as in the case of Upper Silesia. Germany cannot make commercial treaties or economic agreements; she does not even know what she possesses. Large tracts of German territory are incorporated in the French customs system, others in the Polish system. Germany's rivers are controlled, her railways are in reality controlled, and Eastern Prussia has been separated like a colony. Germany, having lost her merchant fleet, her colonies, and almost all her goods and her commercial organization in foreign countries, has lost also a great part of her most important raw materials. Her output of coal is disorganized, her output of iron weakened; and for three years she has seen not only her economic unity in peril, but also her political unity. She cannot unite with Austria, she cannot enter Russia, she finds the way to the East closed to her, and, finally, in all the occupied territories she is subjected not only to every kind of moral torture, but to every kind of economic violence also.

The armies of occupation are not on German soil to ensure military security, but to exercise command. Publications have been suppressed, censorship established, and commandeering carried out at random, almost at the dictation of mere whims. The military commissions frequently destroy, on absurd pretexts, not only war-material, but even industrial products which have no military value whatever. In June of this year 9,000 sporting-guns of the Deutsche Waffengesellschaft of

Monaco, intended for exportation, were entirely destroyed, without any real reason.

I have before me some lists of questions circulated by the military authorities in the occupied territories and elsewhere, with the object of discovering the state of public opinion on several matters. They include questions such as these: "What is the current opinion in the various districts on the idea of creating a Danubian federation to unite the Catholic States of South Germany with the Rhine and the Ruhr?" Another typical question is: "What would be the attitude of the working classes of the Ruhr in case of an occupation? What would be the attitude of the middle classes, the manufacturers, the officials, and the engineers? Give the names of the leading officials and their attitudes. Which of them would be favorable?"

As the exchanges are so uncertain, German industries do not know what they can buy, or what they can sell. For a long time they have felt no security in their plant, which could be commandeered at any time, according to the extent to which the treaty might be enforced to secure the reconstruction of the Belgian factories. Germany, now that the greater part of Upper Silesia has been torn away from her without justification, does not know how to repair the damage done to her commercial system, which, by means of the most skilful division of labor, linked up all the industries of the German Empire from east to west. During the war Germany was forced by necessity to mobilize all her resources and to make great progress in technical matters, which have been utilized during the peace. Having lost the greater part of her foreign markets, she has

therefore developed her home markets considerably. Altogether, nothing is more admirable than the energy with which Germany is trying to avoid extinction. Subjected to privation of every kind, to internal convulsions, to party strife, to uncertainty of government, and menaced by extremists, she is succeeding in living, although with great suffering.

In Germany, as in Europe as a whole, labor is now of inferior quality. The spirit of a ca' canny and of repugnance for work, which entered largely into the working classes of the whole of Europe after the war, and which only time will remove, is widespread in Germany as elsewhere.

As Germany cannot raise foreign loans, immediately after the war she sold as many marks as possible, and increased her circulation. ; It was one way of paying the expenses which she had to meet somehow or other, and also a way of obtaining raw materials.

In view of the insecurity and impermanence of business of every kind, and in view of the fact that speculation in the mark urged everyone to participate, the most unhealthy forms of economic activity have developed throughout Germany. The continued fall of the market makes thrift of every kind useless. The flight of capital, which has been widely prevalent, was the inevitable consequence of the complete lack of confidence. Everyone still tries to postpone payment in Germany, in order to profit by the inevitable fall of the mark. As a result, contracts are frequently made, even in the interior of Germany, in foreign currencies.

When Germany emerged from the war, notwithstanding the fact that she had to make purchases abroad, the

condition of her exchanges was not excessively bad. A dollar is worth about 4.2 marks at par. In December, 1918, a dollar was equivalent to 8.28 marks. After the Peace Treaty, in July, 1919, the rate of exchange had fallen to 15.08. But, two years later, in November, 1921, the application of the treaty, the heavy expenditure imposed on Germany, the destruction of her powerful economic mechanism, and the ruin of her national finances had brought the rate of exchange down to 262.96 marks to the dollar. From that date the collapse increased by leaps and bounds. In the summer of 1922, as a result of the deliberations of the Reparations Commission and the hostile attitude of the Entente, the rate of exchange fell to 2,000 marks to the dollar, and even to 2,400; that is to say, the mark was deflated 500 or 600 times, and threatens to lose all its purchasing power. The disorder of the circulation coincides with a veritable revolution in prices, which have no stability whatever. The manufacturers are afraid to sell, for fear that the exchanges, already fearfully high, will no longer be sufficient to indemnify them for their outlay on foreign purchases of raw materials.

Notwithstanding all the measures put in force by the Reparations Commission and the Committee of Guarantees—or perhaps on account of them—the public finances are in such a state of disorder that one fails to understand how the Treasury can meet its liabilities.

The floating debt on May 31, 1922, was 399.8 milliard marks, and the bank-notes in circulation amounted to 131.8 milliards—432 milliards in all, in addition to all the other debts.

The great fabric of industry, built up by diligence, in-

telligence, and assiduous toil, shows great cracks in every part. It is obvious that its fall will be to a large extent inevitable, unless some way is found of freeing Germany from the chains which bind her in all directions, and unless she be allowed some liberty of movement.

The same foolish voices from the same quarters, which talked about indemnities of a thousand milliards and of reparations of 350 milliards, and which one finds recorded in the same French, English, and Italian journals, have spread a very stupid idea, by which the public believes that the fall of the mark is favorable to German industry, that Germany does not pay high taxes, and that she has deliberately ruined her own finances, in order not to pay the indemnities of the victors. During the war, the diffusion of false news of any kind was useful in the cause of victory, just as bombs and gas were. But, in time of peace, that diffusion of false news and absurd prejudices in which a section of the Press (and always the same section) indulges, always with the same malevolence, ought to be tolerated no longer.

After a close and detailed examination of the various taxes, I have been convinced that, among all the great continental States, Germany pays heavier taxes than any other.

The most vulgar newspapers, and people in the most vulgar circles, talked some time ago as if there were a kind of German plot to depreciate the mark and ruin the Allies.

There are countries on the Continent which are doing their best to ruin themselves by their financial dissipation, by their militarist policies, and by the absurdity with which they are demanding from Germany infinitely more

than that which, in the same conditions, and by putting forth all their efforts, they themselves could pay. These countries greedily swallow stories which arouse nothing but disgust in sober circles.

Analyzing all the economic symptoms, one notes a rapid decline in the economic system of Germany, in spite of all the efforts of her people to avoid it. Food-stuffs are everywhere giving out. The scarcity of food, of clothing, and of boots is becoming ever greater, on account of the fearfully high prices. I have collected much information on the condition of children attending state schools, and I have been deeply impressed at finding how, in places which until yesterday were very wealthy, the most indispensable articles are today lacking. The fall of the mark has upset all former standards of wealth, and has deprived production of all stability. The information collected in the spring of 1922 at the congress of representatives of German cities is truly startling.

Members of the lower middle classes, who had worked hard all their lives to acquire a capital of 100,000 or 200,000 marks, really possess nothing, because these sums represent less than a fiftieth part of their prewar values. They do not even represent a fourth or a fifth of the amount which it was hoped they would produce in yearly interest. Scarcity of food, of houses, of clothing, and of coal is jeopardizing the health of the nation more and more, especially that of the children and young people who were born during the war, and have therefore grown up during a period of very severe privation. The figures revealed at the annual meeting of the Society of Hygiene, held at Nuremburg in September, 1921, give rise to considerable apprehension. Infantile maladies,

especially rickets, are increasing terribly, and tuberculosis is spreading in proportion as food gets scarcer and the standard of life is lowered. Hospitals, benevolent institutions, and houses of charity are being closed every day. Doctor Kauffmann, President of the German Ministry of Insurance, writes that the physique of the population is so much weakened that tuberculosis could sweep over Germany like a devastating cyclone, laying every protective barrier low; and that, worse still, while the situation is becoming more tragic, supplies are beginning to fail.

Foreigners who arrive in Germany are not conscious of the situation, on account of the external composure of the people. But the famine is spreading every day, and educational and charitable institutions are being closed for lack of means. Nothing is saved, because it is feared that values will fall every day. The condition of those who cannot work, and of those disabled in the war, becomes every day more pitiable; for that which they receive from the State is of no use, and their families cannot help them. Doctors in charge of school clinics find every day more and more children who have no underclothing whatever, or who are forced to wear the same underclothing for months and months, not having any other. The problem of living becomes every day more difficult, especially for the lower middle classes. Social differences are thus becoming more and more accentuated, as is also the hatred between the masses, who want a more democratic Government, and the reactionaries, who want to return to the old system.

Over this economic tragedy looms the reparations problem, continuous, unceasing, threatening. Germany

does not know how much she must pay. She knows only that she cannot pay what is demanded of her, and that this amount is demanded, not because it is needed, but merely to sap her energy. This knowledge is spreading, and with it a desire for resistance—a passive resistance to violence, an acceptance of theories of violence, a continuous and growing development of hatred. Some Governments wish to smash the unity of Germany. But this unity exists, not merely in the politics of the Germans, but in their hearts; and the sufferings they endure are only cementing the common indignation and the common rancor.

After the tragedy of Austria, the tragedy of Germany is being enacted. It is less a consequence of the war than of the peace treaties. But this tragedy, while it will not prevent the great resurrection of the German people, will drag down to ruin with its fatal hand, one after the other, almost all of the people of Europe. The bonds of solidarity are being broken one after another; and economic paralysis, after attacking the vanquished, is now menacing the victors. They can threaten all the occupations, all the spoliations, and all the acts of violence that they wish; but they are doing nothing but pile up their own expenditure, diminish their credits, and lose, together with their moral prestige, all capacity for economic development.

It is only through her tremendous persistence that Germany has been able to hold out up till now. It is only through the great intelligence of her people that she will rise again, for the good of the whole of Europe and of the wealth of all nations.

No other nation could have held out.

Let us suppose that France and Italy had lost the war, and that the conditions of the Treaties of Versailles and of Saint-Germain-en-Laye had been applied to them.

Italy would have been compelled to cede the provinces of Udine and Treviso to victorious Austria-Hungary. It is not much, considering the way in which four million Austrian Germans have been ceded to other countries, with their cities, such as Pilsen, Karlsbad, Reichenburg, etc., which are as German as any in the world. As an equivalent to the cession in perpetuity of the Saar mines, Italy would have had to cede at least the hydro-electric plant of the provinces of Como and Sondrio, together with the right of transporting their power into Austria. As Austria-Hungary had no outlet to the Mediterranean, she would have demanded a port on the Ligurian Sea, and also (as in the case of Dantzig) a corridor which would have separated Piedmont from Lombardy, completely isolating it from the rest of Italy. To assure the payment of an indemnity equal to at least half of that which is being demanded from Germany, Italy would have been compelled to guarantee sixty milliards, and to pledge herself to maintain an army of occupation, of white and black troops, numbering at least 70,000 men in the provinces of Milan and Pavia. In case of non-fulfilment, she would have seen the cities of Bologna and Ferrara occupied also. All this would have been in addition to the cession of all her transferable wealth, of all the goods in the possession of Italians being abroad, of her colonies, and of her merchant fleet.

Let us now suppose that France had lost the war, and that Germany had applied the same standards that France, in the name of democracy and justice, wishes to be enforced against Germany. As a first step, there-

fore, France would have been compelled to cede all her transferable wealth, all her colonies, all her merchant fleet, all her submarine cables, etc. As the wealth of France does not differ greatly from that of Germany, it would not be too much to demand 150 milliard francs in gold. As an equivalent to the cession in perpetuity of the Saar mines, France would have been compelled to surrender all the mines of the Pas-de-Calais, and, as a modest counterpart to the loss of Upper Silesia, the basin of Briey. As Germany would have much liked a Mediterranean port, she might have chosen the port of Cette, with a corridor from Alsace to the sea. To guarantee the payment of the indemnity of 150 milliards, 100,000 Germans would be in occupation, together with 30,000 negroes and colored men from East Africa, the Cameroons, Togoland, and New Guinea. White and colored troops, quartered at Lyon, Dijon, Boulogne-sur-Mer, and Rouen, with the right of commandeering the houses of wealthy families, would naturally cost at least four milliard gold francs a year. France, compelled to disarm and to surrender her fleet, would have seen on her flank a Germany with a million men under arms—a Germany perpetually threatening to invade new territories, while she labored for the destruction of France, and would even claim the right of committing the supreme outrage of placing French women at the disposal of barbarians from the Cameroons and East Africa. With her national finances, her rivers, and her canals under control and at the disposal of commissions sitting at Berlin and Monaco, France would have been further compelled to declare that every insult, every violation of her territory, and every reprisal was not a hostile act.

Frenchmen and Italians cannot think of these things without a shudder of horror. It is better to die fighting than to live defeated, if defeat means the most cruel humiliation and the most atrocious ruin. Yet Frenchmen and Italians do not know the consequences of the treaties. Those who know them, whether they are misled by cynicism, by ignorance, by ineptitude, or by a combination of all three, continue to talk about the rights of victory, and to declare that the Entente fought for civilization and justice, and for the triumph of the rights of humanity.

We would blush if we were accused of treating a half-savage race in the way we are treating Germany. We believe that everything is lawful against the Germans—that is, against the people which, in a hundred and fifty years, has given to the world the greatest thinkers, from Kant to Schopenhauer, the greatest artists, from Beethoven to Wagner and Goethe, and has made the greatest contributions to science and industry.

Even if there is in the persecution a keen desire to torment those who were most feared, there is also a fervent hope of depressing and disintegrating the German nation.

What kind of future are we preparing for our children? What will be our own future? As we make our bed, so we shall have to lie in it. We shall not find peace at home again in any nation, or prosperity, or healthy conditions of life, until this sad period of ignorance and brutality has passed away.

The cause of Germany and of the other vanquished peoples is henceforward the cause of the whole world, for on that cause alone depend the peace and the economic prosperity of the whole earth.

CHAPTER IV

THE POLITICAL DISORDER OF EUROPE—THE CONSEQUENCES OF THE WAR AND THE CON- SEQUENCES OF THE PEACE TREATIES

It was easy to foresee that the war which lasted from 1914 to 1918 would bring about an acute crisis, political changes, economic disorder, and more strained relations between the various classes of society.

Great wars are like earthquakes. Many of the phenomena of wars are easily understood by those who have witnessed the state of disorder and depression which holds sway for several years in areas which have been stricken by earthquakes. For some years after the disaster the people smitten by the earthquake have, generally speaking, little interest in production. They labor unwillingly, and are often consumed by a thirst for enjoying life. Unmindful of what is taking place around them, they are easily excited, and show themselves almost incapable of providing for their own most pressing needs.

All great wars, like earthquakes, convulse the world, and convulse political systems and the opinions of men.

Even the war of 1870 produced certain characteristic results, although only two nations of Europe took part in it, although it lasted only a few months, and although it was responsible for less than half the deaths which Italy suffered in the last war. The defeated country, France, experienced the fall of its political régime. The

Empire gave way to the Republic; and, in the Paris Commune, France experienced a real attempt at Communist rule, or Bolshevism, as it would be called today. The victorious country, Germany, after great movements among its military classes, experienced a great development of popular parties among its masses. The Social Democratic party arose, vigorous and impetuous; and with it the Catholic Centre party, desirous of power and full of vigor.

It was easy to foresee similar, but greater, phenomena throughout Europe after the last war. But the peace treaties, whose absurdity, violence, and spirit of plunder no one had foreseen, did more to upset the Continent than the war which had lasted more than four years. One must go back to the Middle Ages to find treaties of such moral inferiority, of such ruthless cynicism. Those who planned the treaties hoped to secure the disorganization of the vanquished. They have discovered, perhaps too late, that the fall of the vanquished, in view of the character of modern production, entailed the fall of the victors also.

For many centuries Europe has not experienced a really great war which, in its extent and in the damage which it has produced, can be compared with the European War, which has completely severed all previous relations. One must go back to Julius Caesar to discover in past history any war-period to be compared with the last war. The form and nature of war were very different at that time. Julius Caesar, who was perhaps the greatest military genius whom Europe has ever produced, slew, at the head of his armies, a number of enemies who, according to the most reliable historians,

certainly exceeded two millions. He naturally had proportional losses. Bearing in mind what the population of Europe was at that time, the intensity of the war and the gravity of the phenomena which followed it were of the most terrible nature.

Great disorders took place, and lasted until the time of Augustus. In the cities, especially Rome, notwithstanding an economy based on slavery, the dissension between the wealthy classes and the masses was accentuated. Caesar's ideas were almost Socialistic, and, after the war, he wanted those who had taken the largest share in the war—the masses and the agricultural freemen—to derive the greatest benefit from it, and all public offices to be thrown open to all classes of society. But the great expenditure of public money had depleted the State Treasury, and heavy taxes did not produce sufficient return. At the same time there had grown up in the people a desire for a better and more abundant life, together with a craving for pleasure and for public spectacles. The habit of thrift was everywhere abandoned, and—what is worse—the people showed little liking for work. Civil war followed the foreign war; internal discord succeeded the conflict with the enemy. Legionaries and peasants invaded the estates of the rich, and wished to appropriate some of them. The State was compelled to pass agrarian laws making this transference of wealth possible, wherever it could be carried out.

When the civil strife was at its height, Caius Crispus Sallust addressed to Caesar two letters, containing many of the statements and opinions which seem to reflect the state of mind which follows great wars. Whether these letters were actually written by the Roman general and

historian is doubtful; but the most eminent critics attribute their authorship to him.

Sallust wished to speak in all sincerity to Caesar, as to a man of the loftiest mind, whether in good fortune or in bad (*"semper tibi majorem in adversis, quam in secundis rebus animum esse"*). Caesar possessed a spirit which, from the very first, withstood the party of the nobles and restored to the people their liberty and their magistracies.

Public life, says Sallust, was in complete disorder. Mediocre and factious persons were aspiring to every office, men whose strength and courage was solely in their tongue (*"quorum omnis vis virtusque in lingua sita est"*). Even in those times there were naturally men who had not taken part in the war, and who, after the war, put forward greater claims than anyone else.

Large numbers of the common people had come from the provinces—a crowd of worthless men who were in no way fitted to undertake the government of the republic (*"parum mihi idonea videtur ad capessendam Republicanam"*).

Love of money and wealth had assumed the crudest forms, especially as fortunes had been rapidly built up during the war. The nobles were inert; and, like statues, they were nothing but a name (*"in quibus sicut in statua, praeter nomen, nihil est additamenti"*). Amidst so many agitated passions, the senators gave decisions almost haphazard. They decreed now one thing, now another (*"ex aliena libidine huc atque illuc fluctuantes agitantur"*). Liberty was desirable for the strong no less than for the weak. But the very senators had lost their liberty of decision, from fear of the factions. Elec-

toral reforms, such as the remodeling of the senate and its constitution, were discussed then, as they are now, in the hope that a change in form might improve the actual situation.

Sallust, even he cherished the illusion of a dictatorship by Caesar. He maintained that the sacrifices endured in the war which had made Rome great ought not to be lost. Liberty, shattered by faction and disorder, must be reestablished. The citizens demanded order ("pro his amplissimis beneficiis non flagitium a te, neque malum facinus petimus; sed uti libertatem aversam restituas").

If, as Appius said in his songs, every man is the builder of his own fortune ("fabrum esse suae quemque fortunae"), there must be a government in which the citizens could have confidence. The noblest undertaking was to establish order in the State, in which the victorious factions regarded violence as justice and demand the booty, and in which the vanquished were in reality all the other citizens. ("Bellum aliorum pace mollius gessisti: ad hoc victores praedam petunt, victi cives sunt.")

Those who had conducted themselves nobly and faithfully in the war were not to be forgotten; neither were those who had reveled in making fortunes out of the administration of the war, and who had wasted their substance with harlots and luxury of every kind ("quoque modo in belli administratione scorta aut convivia exercuerine nonnulli").

But perhaps it was better not to speak further of the war ("de bello satis dictum"), but to face the difficulties of peace.

One thing alone was necessary, above all else, to save the republic—to reduce public and private expenditure, to produce more, and to consume less. The new generation was placing no check on its expenditure. It wished to enjoy itself; and the young men were wasting their own and others' substance (*"homines adolescentuli sua atque aliena consumere, nihil libidini atque aliis rogantibus denegare, pulcherrimum putent"*). The war had brought also the habit of taking justice into one's own hands, by organizing risings and factions, just as is happening to-day in some countries which have emerged from the war. The simplicity of the ancient institutions had to be restored; manners must be reformed and expenditure reduced, so that no one should spend money rashly, beyond the limits of his income.

What was to be expected from a man absorbed in material pleasures? What could men do who filled their bellies twice a day, and spent their nights with courtesans? They were unfitted for war, they were unfitted for peace; and, by their imprudence and their lack of seriousness, they were ruining almost everything (*"nam imprudentia pleraque et se praecipitant"*). Theories of disorder must not be allowed to prevail. Riots must no longer be permitted in all the provinces of Italy, neither must private houses be occupied, or private property damaged, in the interest of factions. The rioters were even abandoning their own houses and occupying those of others (*"Nam dum omnia vastant, suas deserendo domus et per injuriam alienas occupando"*). There must be peace with justice and internal order. The sacrifices of the war must not be thrown away by those who had had no part in it. As some had fought in thirty battles

of the war, and others in none, any wealth to be disposed of ought to be given to those who had fought for their country (*"Item ne, ut adhuc, militia injusta aut inequalis sit; cum alii triginta, pars nullum stipendium faciat"*).

Taking into account the differences of time, circumstances, surroundings, and forms of production, hardly anything has changed.

It was therefore easy to foresee that in Europe, after a hard war, there was no possibility of avoiding a harder peace, or difficulties of production and exchange. Europe's greatest danger, however, and the greatest danger of the whole of civilization, is to be found in the fact that peace was made solely as a method of continuing the war, as Clemenceau has acknowledged.

A. Tardieu, who was one of the French representatives at the Paris Conference, and perhaps, the person chiefly responsible for the Treaty of Versailles, has written that there is against Germany the "*maximum d'obstacles que la raison puisse concevoir.*" Reason, therefore, cannot conceive greater obstacles. Never has history presented the spectacle of so many guarantees as France has had (*"des garanties telles que jamais l'histoire n'en a enregistré de pareilles"*). The difficulties—or rather the guarantees, as one would say in democratic phraseology—have therefore increased in direct proportion to the objects whose attainment has been desired.

The peace settlement, or, to express it better, the peace mechanism, is based on the following points:

(1) The vanquished, declaring themselves responsible for the war, undertake the payment, gold and in goods,

of a real indemnity (called reparations), of an amount and in a manner to be prescribed by the Reparations Commission, which is to be formed exclusively from the principal victorious States. This indemnity is to be in addition to the surrender of territory, colonies, etc.

(2) The Reparations Commission controls the whole of the economic and financial life of the defeated countries, and practically the whole of Germany, whose laws, regulations, and administrative arrangements it modifies at its pleasure.

(3) Until all the obligations of the treaty are fulfilled an army of occupation is in possession of part of Germany's territory. Further, in accordance with a subsequent and absurd interpretation of the treaty, any other part of Germany can be occupied and plundered, without such action constituting a hostile act.

(4) To protect the rights of the victors, and to give an appearance of legality to every abuse, a League of Nations sits at Geneva. All States are included in this league; but, in practice, the vanquished nations are excluded from it, because they cannot be admitted until they have fulfilled the obligations of the treaty—that is, practically never. Further, the League of Nations, of which the United States, with a deep sense of political seriousness and dignity, have refused to form part, acts only at the initiative of the victors. Its fundamental rule is that the members of the League of Nations pledge themselves to respect, and to preserve from all attacks, *the territorial integrity and existing political independence* of all the members of the League (Art. 10). The States belonging to it must therefore sanction all the enormities perpetrated by the treaties; no modification can be per-

mitted. The League even sanctions such acts of violence as the division of Germany into two parts, and the Dantzig Corridor, which the Poles more honestly acknowledge to be a moral enormity, adding, however, that they are in no way responsible for it, as Poland did not exist when the Treaty of Versailles was drawn up. These abuses are perpetrated less to please Poland (for whom they constitute a permanent danger), than to injure Germany. It is true that the League of Nations can invite its members to review the treaties if they should become inapplicable (Art. 16); but this provision is really ridiculous, because the covenant of the League itself asserts that all decisions of the Council of the League must be unanimous. Even, therefore, if the absurdity of the Dantzig Corridor, and of the establishment of Dantzig as an autonomous city, are recognized, the vote of a single country hostile to Germany is sufficient to prevent any alteration. If German Austria decides to unite with Germany, the vote of France or Italy alone is sufficient to prevent the union, and the League of Nations has no other function than that of guaranteeing the rights of the victors.

(5) The Reparations Commission, protected by the armies of the Entente, disposes of practically all the resources of the defeated countries, even if it wants to do nothing more than destroy or crush them; and the League of Nations has no other function than that of guaranteeing a state of so-called justice, which in reality is nothing but a state of violence. The League of Nations is in reality not very different from that which the Reparations Commission is in actual fact.

It is easy to understand that a real democracy like the

United States of America could not belong to the League without loss of prestige, and that it never can belong until the League, which was formed for other purposes, but which degenerated into a medium for the mutual guaranteeing of violence, has been reformed.

There are therefore two constables in the service of that peace which was made in order to continue the war. One is the Reparations Commission, cynical, incompetent, and greedy for gain. It defends patrimonial rights and devotes itself to depriving the vanquished of all their resources. The other is the League of Nations, which has the duty of maintaining the existing territorial situation and of defending the boundaries laid down by the treaties.

These two protective agencies are in reality nothing but means for safeguarding the execution of the Treaty of Versailles.

We have already seen in what situation the treaty placed Germany, from the territorial point of view. The French, the English, and the Italians would not for long resign themselves to accepting conditions like those which we have imposed on the Germans; and the Germans are not accepting them. There is anguish, humiliation, and rancor in the mind of every German, but there is no idea of submission. Conditions like those of the Saar, of Upper Silesia, of the Dantzic Corridor, and of the partition of territories which were not even asked for, may be endured out of necessity, but are not accepted. Military occupations by enemies and by men of colored races, and the loss of sovereignty at home and abroad, are facts too humiliating for a nation to accept in cold blood. The illusion that anguish and humiliation can divide a great

nation for any length of time has no foundation in reality.

Calculating from the last census, there are about 476 million people in Europe. Of these 432.2 millions belong to States which took part in the war, and 43.6 millions to those which did not. Thus it can be said that the whole of Europe suffered from the war, for even the non-belligerent States feel the effects of the ring of fire which surrounded them.

Some of the States which used to form part of the Central Empires have since been numbered among the victors. Of the remaining vanquished States, out of the 476 million people who have survived the war, Germany has 60.8 millions, Austria 6 millions, Hungary 7.8 millions, Bulgaria 4.9 millions, and Turkey 1.3 millions in Europe.

There are therefore about 81 millions whose conditions of life are uncertain, because they have been disarmed, and find themselves under military and financial control, with the obligation of paying an indemnity which everyone knows to be impossible, but which is employed solely as a means of depressing and subjugating the vanquished. They cannot maintain real armies, but merely a few troops to keep internal order. In all the four defeated countries (leaving out Turkey, which no longer has an army in Europe) there are not 176,000 men under arms, i.e. little more than in Rumania alone, less than half the number that there are in Greece, much less than half of those in Poland, and less than a quarter of those in France alone. With the exception of Great Britain and Italy, the victorious countries have enlarged their armies, even doubled and trebled them; and countries

which, like Poland, are in a state of complete financial ruin, are maintaining armies whose soldiers exceed in number those of the great nations before the war. They declare that this is due to the fact that they have fears for their future; but their future becomes more and more uncertain in proportion as their expansion has become more and more arbitrary. The tearing of large areas from Russia, the toleration of the Dantzig insult, and the allotting of Upper Silesia in violation of the referendum constitute a permanent danger. No army is a sufficient guarantee of security, and no army in the future will be able to prevent Germany and Russia from asserting the rights conferred on them by history and nationality.

Several small States have arisen on the former territory of Russia and Germany—Finland (the only one with any strength or vitality), Esthonia, Lettland, Lithuania, Dantzig, and Memel. It is very difficult to foresee the future of these countries, on account of the difficulties which some of them find in existing as independent States.

In addition to the 81 million defeated people who are now under the control of a few of those who but yesterday depended on their present victims, European Russia and the Ukraine, which have about 125 million inhabitants, are in a very difficult situation. Russia is not a defeated enemy, but a fallen friend. She collapsed through putting forth in war an effort which was beyond her strength; she sank beneath an incubus of difficulties. The Czarist system, ignorant and corrupt, had not permitted the growth of a numerous and intelligent middle class. More than 180 millions were dominated appar-

ently by a weak and irresolute autocrat; but in reality by a small military oligarchy, an oligarchy of extortioners, robbers, and depraved men, who precipitated the war even against the will of their sovereign.

Wilson, in his Fourteen Points, had stated that the treatment accorded by the Allies to Russia was to be the acid test of their good-will. They were to help Russia in every way, as she might think best or desire, with their *disinterested sympathy*, and not allowing themselves to be guided by their own interests. The attitude of the Allies towards Russia illustrates clearly the prevalence of those plutocratic tendencies, of that desire for appropriation and plunder, which have dragged Europe so low in recent years.

If Russia had not fallen she would have received practically all Poland, which would have had less autonomy than ever—notwithstanding the proclamations of the Czar, who had already, with criminal violence, deprived Finland of her traditional liberties. She would have had Constantinople and the control of the Straits also. This shows that no principle of nationality entered into the designs of the Entente, and that all the States created by the treaty were built up merely to take the largest amount of territory that was possible from Germany and Russia, and to separate the Russians as far as possible from the Germans.

Whatever opinion one may have of the Russian revolution, it reflects, on an infinitely greater scale, and in much more complex circumstances, the same state of mind that brought about the Paris Commune in 1870. After the debacle, there was no kind of organization in Russia; and, even now, after all the accumulated ruin of the com-

munist régime, the Soviet Government remains the only kind of organization that exists in Russia. I have examined carefully all the official documents relating to Russia, the accounts of the various missions, and the reports of the Red Cross societies which have gone there to take part in relief work. No person of good faith can defend the violent rule of the Soviet Government. But it can be said that an equally detestable rule of violence existed under the Czar; that what is happening is, to a large extent, the consequence of what had happened before; and that the Russians still show the same qualities and the same defects as under the Czarist régime.

But the Entente, which already possessed no small responsibility for the disorders which followed the collapse of the Czarist Government, now that Bolshevism has triumphed, has not for a moment considered anything necessary but the reëstablishment of the old Government; and, for a considerable time, it has treated the men of the *ancien régime* as the legitimate representatives of Russia. In fact, all the military expeditions against the Moscow Government have been organized, paid for, and assisted by the Entente Powers, especially by France. The armies of Kolchak, Yudenich, Denikin, and Wrangel have been formed at the desire, and with the support, of the Entente. France even sent a representative to Wrangel, whom she thus recognized as head of the lawful Government.

The Entente's policy towards Bolshevik Russia may be divided into three periods. In the first period, up to the collapse of Wrangel's army in November, 1920, large military forces were brought against her. As Clemenceau said, she was isolated within a ring of steel, just as

barbed wire is used in war. The second period was marked by economic isolation, brought about by a blockade. In the third period, the Entente acknowledged the *de facto* Government of Russia. The Soviet Government was admitted to the Genoa Conference, to discuss not only the question of its own recognition, but also that of its relations with other States.

It is impossible not to realize how much injury the Bolshevik Government has brought on the Russian revolution. In this, as in all profound revolutions, the worst, the most violent, and the most corrupt elements have come to the surface. With the exception of a few idealists and few great organizers, the Moscow Government has for some time represented a serious danger to European civilization. Profiting by the state of disorganization and of the depression of spirits which the war necessarily produced, Bolshevik Russia has endeavored to furnish arms and assistance for revolutionary movements throughout Europe. Many fanatics have believed that the new civilization was to come from Moscow, and that the world was to be governed by a so-called dictatorship of the proletariat, which was none other than a dictatorship of ignorance and incapacity. The extreme misery into which Russia has fallen, the state of famine and want in which whole territories are found, have shown even the blindest how the communist program and the mad idea of the dictatorship of the proletariat are a great danger to humanity. It was therefore natural that the European States and America should not recognize the Soviet Government until it had given assurances of good faith, and until its representatives should no longer violate international law by seeking

to promote revolutions in the countries which were giving them hospitality.

But it was a twofold mistake to subsidize and to arm military adventurers in the interior of Russia, because, on the one hand, it created mistrust among the Russian people, and, on the other, it transformed Bolshevism into a national movement. For a long time the Moscow Government has appeared as the champion of Russia's national rights.

The Entente has frequently incited Rumania and Poland against Russia, and has thereby put their existence in great peril. Worse still, it has tried to stir up civil war in every way, and to arm the representatives of the Czarist régime. It has never spoken a dignified word in its proclamations. Its sole preoccupation has been to ensure the payment of Russian debts to the Entente. The Entente ought at least to have affirmed solemnly that the victorious countries did not intend to reëstablish the old Government in any way, but that they recognized the right of the Russian people, and of the races of which Russia is composed, to organize themselves in the manner which they considered most suitable; that they recognized Russia's liberty to organize herself as a unitary or a federal State, as she might think fit; and that they had no intention of modifying in any way the agrarian system which had risen in Russia after the revolution. However horrible the present state of things may be, no one in Russia, with the exception of a few interested individuals, wants to return to Czarist rule. The peasants quite rightly want to keep the land which they used to cultivate for the feudal lords. They used to be treated like cattle, and it is only a short time since they

were set free, in law if not in fact, from forced labor on the land.

The affirmation of these principles, and the demand, as a fundamental condition of the recognition of the Moscow Government, that it would never interfere in the domestic politics of States which should enter into diplomatic relations with it, should have been the foundation of all relations between the Soviet Government and the Entente.

On the contrary, there was from the very first no idea but that of separating Germany from Russia, and of preventing Germany from finding in Russian industry all those resources which she had been compelled to surrender as a result of the victory of her enemies. Above all, there was a determination to enforce recognition of the former Government's debts, and to ensure their payment through concessions of special privileges and through the control of raw materials.

France, often in contrast to England, has adopted a totally plutocratic attitude.

During the sitting of the Conference of London in 1920, Millerand made a violent attack on the Bolshevik Government, which, he said, was composed of criminals and assassins. At the next meeting, Lloyd George, with subtle irony, had a collection of English writers on the French Revolutionary and Napoleonic periods lying on the conference table before him. The conservative English writers condemned the men of the French revolution and the Napoleonic period with almost exactly the same phrases and the same words.

Everyone knows how long France opposed the admission of the Russian delegation to the Genoa Conference.

She has never had any preoccupation but that of guaranteeing creditors and of ensuring returns corresponding to the credits given.

Now the new Government which has arisen in revolutionary Russia can even refuse to recognize the debts of the former Government, and can cancel them. We should not on that account refuse to have any dealings with Russia. Creditors, it is true, would have reason not to advance fresh credits, or to advance them only under special guarantees. Civilized Governments, however, in order to establish relations with the Moscow Government, should demand only that it respect ordinary international rules, and that it should not interfere in the home affairs of any States with which it is in relations. It is a fundamental law of all relationships between civilized States that they must each pledge themselves to abstain from all propaganda subversive of the order and of the political systems established in the other States.

At the Genoa Conference, where Russia was for the first time represented and brought into legal touch with other countries, the Russian representative, Tchicherin, declared, at the first plenary sitting, in May, 1922, that Russia has every interest in the general reconstruction of the economic life of Europe, and that the Russian Government recognizes the necessity of establishing agreements with the capitalist States, on the basis of their respective systems of government.

The French delegation, led by Barthou, presented to the Genoa Conference a scheme for an agreement with Russia, with the following fundamental ideas: Russia was to promise to abstain from any kind of propaganda subversive of the order or the political systems existing

in the other countries. She was not to interfere in any way with the internal affairs of other countries, and was to abstain from any action calculated to disturb their *status quo*. She was to renounce every attempt to assist revolutionary movements in other States (Art. 1). Up to this point the proposal had dealt only with conditions indispensable to a recognition of the Russian Government, and such as were admitted by all, and perfectly legitimate. The conditions which followed, however, were entirely financial in character. The Russian Government was to accept the financial obligations to foreign Powers of the Governments which had preceded it—i.e. the Czarist Government and the Provisional Government. It was added that the foreign Powers, in view of the situation of Russia, were ready to accord facilities for easy payments (Art. 2). The Soviet Government was to recognize debts contracted by itself or by its representatives with subjects of other States (Art. 3), and was to pledge itself to recognize all the financial obligations of all provincial and local authorities in Russia (Art. 4). The Russian Government was also to promise, within a short space of time, to ensure the payment of Russian State bonds, always with such facilities as might be made necessary by the state of affairs in Russia (Art. 5).

To encourage the renewal in Russia of the commercial activities of foreigners, the Soviet Government was to pledge itself to restore the property, rights, and interests of foreigners, or to compensate those who had such rights. Cases of disagreement were to be settled by the arbitration of a mixed tribunal (Art. 6). All compensations were to be paid in Russian 5 per cent. bonds of

new issue (Art. 7). The mixed tribunals were to be composed of one member nominated by the Soviet Government, of another nominated by the Government of the country concerned, and of a president appointed by the Supreme Court of the United States or by the president of the Permanent Court of Justice of the Hague, or by the Council of the League of Nations (Art. 8). A system was proposed which amounted practically to a series of capitulations, such as it is possible to impose on an Eastern country. The Russian authorities were to agree to the establishment of a provisional régime for the protection of the persons and the property of foreigners; the administration of justice and the conditions which were to protect foreigners were to be fixed according to rules laid down by a commission of experts meeting in London.

All this would have been equivalent to imposing on Russia something quite different from an agreement by which free nations could live together in peace. It would have meant an indirect financial control, the consequences of which, even from the economic point of view, are easy to foresee.

The object was to separate Russia from Germany, to control her finances, and to obtain concessions of raw materials, in return for recognition and for loans rendered necessary by the state of want and famine in Russia.

Could any Russian national government, and, moreover, a Bolshevik Government, accept this program of conquest by plutocrats? The Bolshevik system of government is disastrous, and is slowly returning to the ideas of capitalist economics. This return would take place

more rapidly if it were not for the antipathy with which the program of the Entente is regarded by intelligent Russians, who, while detesting Bolshevism, would not for a moment think of returning to the old system. To drive the Bolsheviks to defend the national independence only serves to give prestige to the communist régime.

Thus Russia remains aloof from Europe. She does not recognize her unjust boundaries, her unjust separation from Germany, or the unjust attempts to profit by her miseries and difficulties and to compel her to become the slave of western capitalism in its most voracious form.

If grave errors have been committed in the case of Russia, still graver ones have been committed in the case of Turkey. The responsibility for these lies with the whole of the Entente, and, in some respects, with Great Britain above all—although she is always the one country in Europe which shows the greatest spirit of justice, honesty, and moderation in her relations with other countries.

Thirty-four countries took part in the Genoa Conference. Turkey was not one of these.

At the session of April, 1922, at which the preliminaries of the Conference were discussed, Barthou, the head of the French delegation, was anxious to know what Russia and Germany thought of the Cannes resolutions. If those resolutions were accepted, it would be possible to proceed; if not, the commissions of the various States were to be informed that the discussion was to be considered closed.

The President of the Conference announced that Turkey had asked to be admitted to the Conference, and that

the Russian delegation presented and supported that request. But Turkey was informed that she could not be admitted, *because she was an Asiatic Power and was still in a state of war.*

The first of these reasons was somewhat strange, because, even though the Treaty of Sèvres limited European Turkey to the Chatalja line, she still had a million and a half inhabitants in Europe. Now, the States represented at Genoa included Lettland, with a population little greater than that of European Turkey; Esthonia, which has a smaller population; and Luxembourg, whose population is less than that of a single quarter of Constantinople. On the other hand, even if the idea of considering Turkey as a non-European Power had any foundation, it is well to note that the British dominions in South Africa, Canada, and Australia were represented at the Conference, as was also Japan, which is an Asiatic Power. It was even less true to say that Turkey was at war with the Entente. She submitted to the Treaty of Sèvres and the occupation of Constantinople; but the war was in Asia Minor, where a widespread Islamic revolt was reacting against the abuses and the unjust and violent acts of the Entente.

Since the peace treaties were signed in Europe, there has been, especially in Asia and Africa, great unrest among the Moslems, often rising to violent hatred and fomenting new wars. If the situation of the Greeks in Europe is almost desperate, because they cannot obtain what they want, and because they will not renounce what has been conceded to them, the situation in North Africa, in Asia Minor, in Persia, in India, and in Afghanistan is greatly disturbed. Vast currents of hatred and mistrust

have already become apparent, and sentimental and religious revolts are being prepared everywhere.

Even before the close of the war, the Entente Powers had already agreed to partition Turkey and its territories in Asia Minor among themselves. Was not Turkey a nation of barbarians? Could barbarians be permitted to offend civilization? Constantinople therefore, where Russians are only a small minority, was allotted to Czarist Russia. This was not only a crime, but a menace of servitude to the peoples of the Mediterranean, and a constant danger to Italy. Later on, a scheme for the partition of Asia Minor was drawn up. Behind the vast and romantic vision of constituting a Greater Greece and a Great Armenia there lay the practical idea of inheriting from Turkey all the agricultural and mineral wealth of Asia Minor.

I remember the profound emotion which I felt at London, in the winter of 1919, when the idea of driving the Sultan, the Caliph of Islam, from Constantinople, and of relegating him to Brussa, in Asia Minor, was mooted and received with favor. I experienced the same emotion as if I had heard a proposal to drive the Pope from Rome and relegate him to a small town in Piedmont, Calabria, or the Basilicata. It must be remembered that Islam is the faith of 240 million people, and that it represents a religious power of almost unshakable strength. It is propagated most easily among the more primitive peoples; but, when once it has taken root, it is not easily eradicated. The Moslem peoples are the least disposed to religious conversion, and the most tenacious of hatred.

When Turkey was defeated in the war everyone took notice of the crimes she had committed. In general, the

loser is in the wrong. The Treaty of Versailles in fact, like all the treaties which followed it, claimed that all the defeated nations should declare themselves responsible for the war. After the war, all the victors were agreed in attributing the greatest crimes to Turkey; for, the greater the number of her crimes, the more natural was the right of depriving her of whatever she possessed, and of appropriating almost all her territories. What a list of crimes there was, and how many crimes were remembered!

Turkey lost all her African possessions as the result of Italy's rash Libyan expedition. When she lost the Balkan War, she saw her European territories reduced to hardly 10,000 square miles. But there still remained to her, as the minimum necessary for political existence, Constantinople, the Chatalja district, and the district containing Adrianople, which is a sacred city owing to its possessing the tombs of the Caliphs. In addition, she still possessed Asia Minor, Armenia, Kurdistan, Syria, Mesopotamia, and Arabia. She therefore still had an empire covering 692,000 square miles, with sufficient resources for her needs.

Wilson, in his celebrated Fourteen Points, had said that the Turkish parts of the Ottoman Empire must be given a secure sovereignty, but that the other nationalities under Turkish rule must enjoy complete security of life, and absolute and undisturbed opportunities for self-development. The Dardanelles must be permanently opened as a free highway to the ships and the commerce of all nations, under international guarantees.

But agreements for appropriating all Turkey's resources already existed between the belligerent States of

Europe. Great Britain was to have Mesopotamia and Palestine under a mandate; France was to have Syria and Cilicia; and Italy was to act in Anatolia, that is, in the most arid part of the Turkish territory; the vilayet of Smyrna also was to be under Italian control.

Italy's statesmen conceived of two mad undertakings—the acceptance of Smyrna, and a military expedition into Georgia. These two fatal adventures would have drawn Italy directly and inevitably into wars with all the forces of Turkey on the one hand, and with all the forces of the Bolsheviks on the other. They would have involved Italy in undoubted economic ruin and in the certainty of military adventures of incalculable difficulty, which would have absorbed all the resources of the country at the very time when Italy had most need of them.

When the Italian delegation at Paris threw up the Conference on account of the well-known Fiume incidents, President Wilson wished Smyrna to be allotted, not to Italy, but to Greece. Italy, which has few reasons for being grateful to President Wilson, will always be grateful to him for this act of friendly aversion. Without it, Italy would have been flung into the abyss of a war as unjust as ferocious and bloody.

I myself, as Prime Minister of Italy, renounced the military expedition intended for Georgia, in the summer of 1919.

Italy, in accordance with the triple agreement which followed the Treaty of Sèvres, had limited her action in Asia Minor almost entirely to an economic activity. Consequently, Greece found herself alone in confronting the Turkish revolt in Asia Minor, and has been rapidly and completely overwhelmed. There is no clash of inter-

ests between Italy and Greece; and I have always maintained and have asserted it in Parliament, that a prosperous and strong Greece is in Italy's interest.

The Entente, remembering all Turkey's crimes over a large number of years, and forgetting all that the European States had done to corrupt and plunder Turkey, decided to deprive her of everything. The Turkish territory in Europe was ceded to Greece even where Turks formed the great majority of the population. Constantinople and the Straits were placed under the control of the victors, and agreements were concluded in the absence of the two most interested parties—Germany and Russia, which will undoubtedly make their powerful voices heard in the future. The formation of Arab kingdoms, which were to take the place of Turkey, and the institution of Arab Caliphs, who were to supplant the Caliph of Stambul, was promoted. Arabia was divided into eight independent or semi-independent States; Kurdistan was declared autonomous and independent. The Hejjaz was placed under the rule of Hussein Ibn Ali, who, in the imagination of some English politicians such as Lord Curzon, was going to supplant the Sultan of Constantinople in the devotion of the faithful.

The two eastern protégés of the Entente were Greece and Armenia; but sympathy for the latter was, on the whole, academic. There was to be a great Hellenic Empire, heir of Turkey-in-Europe, and mistress of the district of Smyrna and of a vast area in Asia Minor. The new great State of Armenia was not to be limited to the territory around Lake Van, but was to include Erzerum and the seaboard of Trebizond. The scheme for a maritime Hellenic State was pure madness; but

such was the enthusiasm for the Greek cause that every sane plan was received with suspicion. I myself experienced hostility of every kind when I defended the elementary rights of Turkey.

As a sincere friend of Greece, I perceived the danger of spurring on to rash enterprises a country which had already doubled its territory and its population. It is in vain that I have counseled moderate demands to Greek statesmen, especially to Venizelos; but I am convinced that, by giving this advice, I have shown that I have more love for Greece than those who incited her and followed her to an exaggerated nationalism.

Venizelos, who had driven Greece into war when she did not want to fight, obtained at Paris and London everything that he asked for. He used to preface all his speeches with geographical and historical summaries, which were almost of a didactic nature. The Turks, he declared, were primitive peoples incapable of being civilized, and must be driven back into Asia. Such was his constant theme. Even in cases where Turks (or at least Moslems) were in a great majority, he denied all the statistics, or corrected them as he thought fit. He fell back on history, and employed statistics and history as necessity or circumstances required. He exhibited great confidence, and had no doubts as to the ability of the Greeks to hold Smyrna. He declared that the Turks Greeks to hold Smyrna. He declared that the Turks were disunited, and that it would be easy to drive them back to their mountains. When I pointed out to him that the Turks would find it very difficult, or rather impossible, to give up Smyrna, which was their greatest financial and commercial asset, he seemed almost sur-

prised. The difficulties, he said, were only in appearance; the Turks would never offer any serious resistance.

At Paris, London, and San Remo the weirdest theories were discussed. It was said that, since the Arabs are intelligent and the Turks are not, and since the Turkish religion is itself Arab, the reawakening of the Arab feeling would be sufficient to annihilate Turkey. Why should Islam believe in a Caliph of Constantinople, who arose by violence only a few centuries ago, rather than in a Caliph of the Hejjaz, sprung from the Prophet? It is true that for several centuries prayers have been offered for the Caliph of Constantinople, from the Turks of the Danube to the Moslem cities of India; but, when it has suited the victors the treaties have attached practically no importance to history.

The Entente's creations have often been made merely in order to ruin the vanquished. Poland, outside its ethnic boundaries, was invented merely to smother Germany and to separate it from Russia. A great Greece also was desired in order to compel the Greeks to defend themselves seriously in Asia Minor, to which the Great Powers have taken themselves with a pretence of bringing civilization, and under the disguise of mandatory States. Thus Poland to-day is in permanent danger; and Greece, having lost everything in Asia Minor, having ruined finances and her army, and having suffered very heavy defeats, has lost thereby a large part of the benefits she received from the war, and she too is in great peril.

Armenia has certainly not risen, and has no possibility of rising—except on the maps which are annexed to the treaties, and which put forward claims to imaginary rights.

When I was presiding over the San Remo Conference in the spring of 1920, I received a fiery message from Wilson, inviting the Entente Powers to establish a Great Armenia, consisting of Erzerum (where there are hardly any Armenians left) and Trebizond, with secure outlets to the sea. The message had the air of a summons, almost of a reproach; for President Wilson could not forget that he was a professor, and loved to strike the didactic note even when addressing nations. In order to establish the Armenia desired by President Wilson, it was necessary to drive out the Turks and the Russians. Who would undertake this task? I convened the military experts—Marshal Foch, General Badoglio, Field-Marshal Wilson, etc., and began to question them. To begin with, the expedition required several divisions, a veritable army. All praised President Wilson's intentions; but neither Great Britain, France, nor Italy was willing to undertake the difficult task of protecting the Armenians, which would have meant immediate war with the Turks, and, without doubt, with the Russians later. A highly respected neutral State, Norway, was invited to undertake the protection of the Armenians, but refused with dignity. There remained no alternative but to offer the task to the United States, which we did, in a very circumspect way. President Wilson, however, after having announced that he accepted the invitation, had subsequently to inform us that he must withdraw his acceptance, on account of the opposition of the Senate. Thus idealism resulted in the abandonment of Armenia. While it would have been possible to establish a small Armenia, an act to which the Turks and the Russians would have consented, the dream of a Great Armenia

resulted in nothing—not even in the existence of an Armenia of any kind.

The idea of expelling the Turks from Europe and from their great economic stronghold of Smyrna, and of compelling them to live under control in the rugged and poverty-stricken mountains of Anatolia has collapsed, and, with it, the scheme for establishing an Arab Caliphate. The scheme for putting the Arab Caliph Hussein at the head of Islam has produced no result. To-day, as yesterday and tomorrow, the followers of the Prophet invoke, and will continue to invoke, the Caliph of Constantinople. Artificial political creations cannot affect the march of events or divert the currents of religion.

The Turks are patient people, and become exasperated only after long suffering. The political policy which was adopted towards them was the one most calculated to drive them to the height of exasperation. Their best territories were to be taken from them, either directly or under the hypocritical form of mandates. Those of their lands which have the greatest religious value, such as Adrianople, were to be taken from them, as were their wealthiest territories, such as Smyrna, in violation of the principles of nationality. Attempts were to be made to undermine the foundations of their political sovereignty, of their religion, and of their commerce. All this was to be done in the name of civilization, or under cover of an assertion that the Turks are an inferior people and must be driven back into Asia. But, when they go back to Asia, they find everything in the possession of European States, which hope to appropriate the immense economic resources of Asiatic Turkey.

In order the better to appropriate Asia Minor, the

atrocities of the Turks have always been made the topic of conversation. No one takes the trouble to recount the atrocities committed against the Turks.

The Turks have undoubtedly committed many acts of cruelty. But how many were committed in the Balkans by Christian peoples during the war, and after? How many are now being committed by the Entente, which declared that it was fighting for the rights of the peoples?

The responsibility for the greatest acts of violence lies with those very nations which proclaimed themselves the champions of civilization. For at least a century Constantinople has been the center of all the intrigues and all the corruption of Europe. Turkish atrocities were remembered or forgotten just as convenience required. When they were remembered, it was always because something was being demanded which Turkey could not or would not give. In the past, every weapon was employed in order to deprive Turkey of her territories. The past does not differ greatly from the present. There was, until yesterday, a common policy among the nations united by the common danger in the most terrible of wars. Now that the danger has passed, those nations have gone in opposite directions, and, while in apparent agreement, are mutually injuring each other.

The Turks are shepherds and soldiers. When they obtain sufficiently stable conditions, they are able to become agriculturists also. They are neither fierce nor cruel by nature. But they are surrounded by, and must admit, much more astute peoples, such as the Jews, the Armenians, and the Greeks, who, in the majority of cases, are neither agriculturists nor manufacturers, but

merely small or large traders, who live by money-lending or by trade. The Turks do not know how to resist them. They tolerate them, and often become a prey to their usury. Simple, unpolished, and easily deceived, they endure annoyances of every kind, and sometimes their only protection, their only form of reprisal, is violence. They tolerate usury and intrigue for a long time, and in silence they store up a hatred born of suffering and humiliation. Then they explode into a bloodthirsty retaliation, and torment and slay those who have tricked them. The responsibility for a large part of the acts of violence of the Turks lies solely with the European Powers, which, in the name of civilization, have tried to subjugate, corrupt, and divide them. I deny that the Turks are incapable of becoming civilized. If they return violence for trickery, it is because the trickery always precedes the violence. It is only the basis of relationships with the Turks that needs changing. In all the relationships which I have had with them, I have found them more honest and more sincere than any other Eastern races.

When the inevitable took place, when Mustapha Kemal destroyed the Greek army and drove the Greeks from Asia Minor, there was a sense of surprise, and allied politics, in which discord always existed under apparent concord, had to admit that the Turks have rights in Europe, at Constantinople and Adrianople, and in Thrace. The Treaty of Sèvres, in fact, has had to be abandoned: Turkey returns to Europe.

It cannot be denied that English politics committed a very grave error by following the directions of Lord Curzon. Those directions, imbued with ancient preju-

dices, have lowered England's prestige greatly in the East, and have awakened a justifiable antipathy to her throughout the Moslem world.

More harmful and displeasing still, Great Britain, by following the tendencies of European reconstruction, lost a large part of her prestige by her anti-Moslem and anti-Turkish policy, and by the illusion that she could create disunion between Turks and Arabs.

The success of Turkey's tenacious military resistance made the Treaty of Sèvres void. But changes in the situation of the other vanquished peoples (or those considered and treated as such) are already looming on the horizon. The problem of Russia, which is closely linked with that of Germany, has thrust itself on the attention of Europe in an even graver form than ever.

It was hoped that, by isolating and starving Russia, she would be driven indirectly towards an unavowed economic control. It was hoped that, by occupying Germany with white and colored troops, and by forcing her to endure torture of every kind, she could be dismembered, and her unity shattered. By depriving Turkey of her territories, it was hoped that she would be forced to disappear as a European Power, that she could be reduced to the position of a small Asiatic State with a few poor territories, and that all religious dominion could be taken from her. This policy, applied almost equally everywhere, and characteristic of the Entente, is, especially on some particular points, the most conducive to the exasperation of the defeated nations. Turks, Russians, and Germans are henceforth in the same state of exasperation. United by no bond, they are united by a common feeling of hatred. Violence is

fermenting on all sides, and is very far indeed from leading to a peaceful state of affairs.

Austria, Hungary, and Bulgaria have been very unjustly treated. We shall see what economic and financial conditions have been created for them. Politically, however, hemmed within their present boundaries, they cannot possibly submit. Some countries, such as Austria, cannot even live.

Austria is not allowed to unite with Germany, although she is entirely German. The Entente, in order not to declare openly that every right of self-determination has been annulled and every principle of nationality violated, made use of a formula which, in sheer hypocrisy, has no parallel in history. Germany, by the Treaty of Versailles, was bound to respect the independence of Austria. Thus Austria, two-thirds of whose population live in almost Alpine lands, and whose capital city is formed of almost another third, has been compelled to live in isolation. Only one-fourth of the area of the new republic is capable of cultivation. Irrigated land forms 11.5 per cent. of its territory, Alpine pastures 14.5 per cent., forests 38 per cent., and 10.3 per cent. is made up of unproductive high mountain areas, marshes, roads, cities, etc. Austria can therefore live only as a clearing-house. More than four million Germans have been severed from Austria, and allotted, without reason, to other States, especially to Czecho-Slovakia. The ceded territories contain the cities where the German tradition is strongest—Reichenberg, Karlsbad, Pilsen, etc. Austria has no outlet to the sea, and no guarantee of freedom of access to the sea, because, as we have seen, according to the Entente only those inland States which

are numbered among the victors, or are protected by the victors, have any need of the sea.

Hungary's boundaries are almost entirely arbitrary, and her territories have been distributed at random. According to the census of 1910, Hungary had 18.2 million inhabitants, and an area of 109,188 square miles. She had almost exactly the same area as Italy, and her territory was very rich. As a result of the war, she has lost 71.6 per cent. of her territory, and 63.6 per cent. of her population. Rumania has been allotted 5.2 million people, Czecho-Slovakia 3.2 millions, and Jugoslavia 1.5 millions. Acting on the principle of nationality, Rumania would have had an undoubted right to the districts in which Rumanians were in a majority; but the partition was carried out haphazard. The treaties decided that Hungary, like Austria, has no need of the sea; similarly with Bulgaria, who was deprived of her sea-board in favor of Greece.

The new boundaries are as arbitrary as can be imagined. They were marked out almost by chance, either with the idea of injuring the vanquished or of placing them under military subjection; or under the pressure of passing diplomatic requirements; or to satisfy purely artificial agitations.

The whole system of the Treaty of Versailles centers round Poland, i.e. round a State almost half of which is composed of non-national elements, which is seeking new territories, which is wrongly occupying cities (such as Vilna) belonging to other States, and which aspires to further expansion, not knowing how to govern, and not being able to govern the territories, already too large, which have been ceded to her. According to the

treaties, Poland has a double mission—to separate Russia and Germany, the two most numerous and prolific nations of Europe; and to act as a military menace to Germany. With East Prussia divided from West Prussia, with her boundaries open to every invasion (particularly through the arbitrary partition of Upper Silesia), Germany finds herself under the military control of France and Belgium on the one side, and under the control of Poland on the other. As Czecho-Slovakia and Poland are both equally interested in maintaining in servitude the Germans allotted to them, and as Rumania, Czecho-Slovakia, and Jugoslavia are all interested in maintaining the Hungarians in servitude, a political situation has been brought about which has led to the formation of the Little Entente, and which leads France to imagine that the arrangements due to the treaties will be lasting, and that her hegemony of continental Europe is secure. Since the war, in fact, France, notwithstanding her very great financial difficulties, has enlarged her army enormously, has developed her submarines and her air-force, and has laid down an imperialistic program with the treaties as its basis, and military control as its weapon. Compared with all the other countries which have come out of the war, and with the countries to which the peoples of the vanquished States have been allotted, France has the advantage of possessing a policy which is easily grasped—the integrity of the treaties. There must be no discussion as to whether the treaties are just or unjust; whether they can be executed, or whether they can be executed without the ruin of the victors. The theory of the integrity of the treaties, with the Reparations Commission and the League of Nations to ensure their

integrity, has all the appearance of justice and right.

No one can say how the present situation can be maintained. Those of us who have been warm in Poland's cause, and have seen the three Central Empires fall as if by an unexpected miracle, and the Polish nation arise again, now see with anguish that the present Poland cannot endure, and that it must necessarily fall when Germany and Russia arise again and vindicate their historic rights. Anomalies like the Dantzig Corridor and the allotting of Upper Silesia contrary to the will of its inhabitants and contrary to all historical evidence, will undoubtedly be obliterated; and, unless Poland takes facts into account, she will see the gifts of fortune brought to naught. A free and independent Poland is essential to the peace and prosperity of Europe, and nothing is more sad than to see Polish imperialism, built up on presumption and over-confidence, doing more to ruin the resurrected country than all the schemes of its enemies.

Greece, which had been doubled in size, turned its eyes towards Asia Minor, and, quite recently, on the eve of its military collapse, was threatening to enter Constantinople, where Greeks are in a minority. Rumania, in its turn, has been more than doubled in size, by the inclusion of Russian and Hungarian areas. Czecho-Slovakia, although it has shown more soberness of purpose than any of the other new States, is full of Hungarians and Germans. Some States have arisen simply from the partition of Russia and Germany. Esthonia, Lithuania, and Lettland, not to speak of other minor States, are creations which the conquered nations have not recognized.

Peace is, above all things, a state of mind. Armies can

indeed maintain a state of coercion, but not a state of peace. Europe is living in a state of coercion. Everything bears the stamp of impermanence; everything is uncertain, everything is insecure. The vanquished accept accomplished facts, but there is no one who honestly believes that Germany will ever renounce the ownership of the Saar mines, or recognize the Dantzig Corridor or the cession of Upper Silesia. France never renounced Alsace-Lorraine. Why should the Germans resign themselves to much graver injustices? Turkey, profiting by the internal dissensions of the Entente, has already awakened. Hungary, externally silent, and replete with hatred, is thrilled with hopes of liberation. Austria is collapsing, and threatens to infect the whole of Europe.

The vanquished have been completely disarmed; but the sense of insecurity is so great that the victors are increasing their armies. They believed, or said that they believed, that their expenses in the war would be paid by the vanquished, and that, by means of a military occupation, a large proportion of their new military expenditure would be paid by the vanquished also. But even this illusion is falling to the ground. The victors have achieved no other result but the ruin of their own finances, which show an ever-increasing credit. The Italian finances, and still more the French finances, are in a tight corner. All the new States, with hardly an exception, are treading the path that leads to ruin.

But armaments are still growing.

France has a larger army than any country has ever had in modern times. The French army, including its colonial regiments, is much larger than the prewar German army. France has less than two-thirds of the

population of Germany, which had to defend itself against the Russian army on the east and the French army on the west. Yet there is no army against France.

According to the Treaty of Versailles, Germany can have no military force except to maintain internal order. She has handed over her arms, and has abolished all her military offices. She is not allowed to have a real army (Arts. 159 and 213). She cannot have a military levy, and her soldiers enlist for twelve years. She cannot maintain under arms more than 100,000 men, including officers; nor can she have a military staff, or a military air force, or heavy artillery. The maximum of artillery permitted is that which is necessary to keep internal order. All importation of arms is forbidden. The police force can only be increased in proportion to the growth of the population. Officers must stay in the army until the age of forty-five at least. No scientific or educational institution can devote any attention to military subjects. All fortifications have been dismantled, even those on the right bank of the Rhine, which were of a defensive character only. The military Commissions of Control have overrun Germany for years, destroying everything that might be used for military purposes. Finally Germany has no navy, and may not build one.

The other vanquished States are in a similar condition. Austria is allowed to possess an army of 30,000 men, but, on account of her financial plight, has hardly 20,000. Hungary is allowed 35,000, and Bulgaria 20,000. Turkey has not yet any troops in Europe. Thus all the defeated nations together do not possess an army of 180,000 men—hardly sufficient to maintain internal order. They have no artillery, no tanks, no air force,

no military schools, no armament factories. Yet the victors and the new States have enormous armies. Poland, frightened of Russia more than of Germany, has almost as many men under arms as there were in the whole of the Austro-Hungarian Empire before the war. Greece, in order to carry out her mad adventures in Asia Minor, has had a larger army than Italy. Rumania, who is not able to pay her creditors, and who is in a state of bankruptcy, is maintaining an army greater than all those of the vanquished States put together. Jugoslavia and Czecho-Slovakia together have more soldiers than the United States. Italy, and, still more, Great Britain, have reduced their armies; but France maintains an enormous army all the time. Judging from declarations made recently by the League of Nations, it is plain that this army is maintained especially for the occupation of Germany, for colonial schemes, and for use in Asia Minor. France is the European State which has most colonies. Many of England's colonies are *dominions*, being in fact autonomous States. None the less, France is still attempting to enlarge her vast colonial empire.

A more striking fact is that the most insidious kinds of naval armaments are being piled up, especially submarines. The vanquished nations have no warships. Germany alone still has a seaboard; the other vanquished nations have lost all outlet to the sea. Germany has no submarines, and may not construct any. Even while they talk of peace, the victorious States of Europe are forging new and terrible weapons for slaying men—submarines, airships, poison-gas, etc. It may be that no new war is being planned; but, in case there be a new war, destructive

weapons of extreme violence are being made ready. Against whom are the victors making these preparations, if the vanquished are unarmed, and have no sea-board? Are the Entente States, which still call themselves Allies, already at rivalry with each other? What new peril causes such agitation?

During the war Germany was continually reviled for using submarines against merchant-ships. The indignation was just; but, since the war, everyone has been building submarines to the greatest possible extent.

Justly concerned, the United States convened a conference at Washington towards the end of 1921, to discuss questions of world-interest. This conference lasted from November 12, 1921, to January 6, 1922. The questions discussed were chiefly concerned with the situation in the Pacific, the limitation of naval armaments, and the limitation of the employment of poison-gas and submarines in war. The demands of France with regard to naval armaments, and her attitude on the question of submarines, did not fail to produce the greatest surprise and the deepest anxiety both in England and in the United States. With regard to the reduction of naval armaments, an agreement was reached after many difficulties. With regard to submarines and poison-gas, certain rules were agreed upon, which are valuable, no doubt, but which are very far from having solved the problem.

But, characteristically of the Europe of to-day, immediately after the Washington Conference, the manufacture of those weapons of defense and destruction whose elimination was chiefly desired was continued with more activity than ever.

All countries, with complete lack of confidence in each other, maintain that civil aviation has no other objective but that of preparing the way for military aviation, and that the great air-transport can easily be converted into aeroplanes for bombardment.

France has the largest military air force in Europe. She has about 3,000 aeroplanes, of which not less than 800 are suitable for bombardment. Yet her program for 1923 is to increase her aeroplanes to 4,000, with twenty-one units of airmen. Civil aviation, which accounts for about a third of the aeroplanes, has developed enormously. The expenditure on aviation in France is greater than in any other European State.

Great Britain has about 3,900 aeroplanes (including reserves), and thirty-two and a half air-squadrons, of which nineteen are in the colonies, where, on account of the satisfactory results obtained, aviation shows a tendency to develop. Great Britain, however, has for some time limited its expenditure on aviation.

Italy has no civil aviation, and possesses only about a dozen bombers, about seventy observation machines, and about eighty fighting scouts. During the last two years no program has been laid down, and all branches of aviation have been entirely neglected.

Germany, not being allowed to possess a military air force, is developing her civil aviation, and has perhaps the greatest number of regular air-services. It is to Germany that we owe the greatest progress and the boldest attempts in aviation.

The subject which continues to receive the most feverish attention in Europe is, however, research to discover explosives of the greatest possible violence, and gases

which will do the greatest possible damage. After the weapons used in 1918, it was seen that warfare must proceed in the same way, in order to inflict the greatest loss on the enemy. Gas, during the last phase of the war, seemed a more destructive weapon than explosive shells. Every day now new gases are being sought—lachrymatory gases, and gases which produce burns, irritation, and sneezing. There are bombs of such tremendous power that they can destroy a ship without touching it, and merely by means of the real tempest which they produce in the waves. New methods of warfare are already being planned. On one hand there are the submarines, which have become more terrible than ever; while, on the other hand, the use of aeroplanes and gas will make land-warfare more and more ghastly. The possibility of sending several hundred aeroplanes over two or three of the enemy's centers, and of destroying the largest cities in a few hours with poisonous gases of the most fearful efficacy, is being studied with great keenness. The question of what is to be the nature of the next war is already being discussed in European military circles—of how to paralyze the enemy at once, how to destroy swiftly his greatest centers of wealth, and how to prevent his every movement and to shatter all his activity at a blow.

France has proceeded with her policy of completely undoing Germany, notwithstanding every effort of Great Britain to go in the opposite direction. France intends to defend the integrity of the treaties at whatever cost, because they assure her of the hegemony of the Continent and of the control of iron, coal, potash, and other raw materials. Many of her representatives, far from

fearing economic isolation, see in it only a stepping-stone to still greater development.

Maritime power is the result of the combination of a larger merchant-fleet with a navy capable of defending it from every attack.

The new weapons of destruction have evolutionized the nature of naval power. If it is possible to sink the largest battleship in a few minutes with a single bomb, and if conflict between naval forces and air forces can only result in favor of the latter, it is clear that no naval power can consider itself safe from a concerted attack by submarines and aeroplanes.

The war-program which is now being outlined is to destroy, by means of submarines and aeroplanes, the greatest possible number of merchant ships (as being the easiest to sink), and, at the same time, to make all navies useless.

The old competition in land and sea armaments has been followed, among the victors, by a more insidious form of competition, which is threatening the existence of Europe.

While on the one hand the whole of the Continent is being overturned, the struggle between maritime power and aerial power on the other hand is causing a revolution in political theories.

Among the many American writers who have carefully studied the condition of Europe since the war, the banker Frank A. Vanderlip has had the clearest insight into the situation which has been brought into being, and of the danger of the still greater war with which Europe is threatened.

France rules out all discussion on the limitation of

armaments. Barthou, president of the French delegation at Genoa, replied, on April 10, 1922, with these words to a hint thrown out by the Russian delegation:

"Such questions have been cut out of the agenda of the Commission. I therefore declare, quite simply, but quite definitely, that if, for example, the Russian delegation proposes that the first commission shall examine this question, it will find itself confronted, not merely with the reserve, not merely with the protests, but with the deliberate, categorical, definite, and decisive refusal of the French delegation."

It used to be said during the war that a real peace would follow the victory of the Entente; but no attention is now paid to anything but the next war and its diabolical weapons. The vanquished are suffering injustice of every kind. The victors have a feeling of insecurity, and they all dread the horrors and the dangers of the future.

When we compare the Europe of today with the Europe of 1815, when we think of the feeling of real peace which followed the Congress of Vienna, and which allowed Europe to mold her prosperity, we stand humiliated before the spectacle of brutishness which Europe now displays. New methods of destruction are being prepared, new horrors are being hatched, new jealousies are showing themselves, and new schemes of empire are being laid bare. Who will be victorious? All this is probably preparing the way for nothing but universal ruin. The economic existence of the victors is menaced less by the vanquished than by the work of the victors themselves—a work which seems to be directed much

more to destruction than to reconstruction, in spite of all the ruin heaped up by the war.

Altogether, Europe has more men under arms than before the war. The vanquished have been disarmed, but the victors are arming themselves more and more, or at least some of them are. The same course is being followed, to an even greater extent, by the new States, and by the countries whose population and territory were increased by the Entente at the expense of the defeated peoples. Where violence is most prevalent, the armies are greatest in size. The feeling of injustice which has followed the dissemination of hatred, and the diffusion of a longing for freedom among the vanquished nations, is placing the victors in ever-increasing difficulties.

Europe has no longer any large States. Russia will undoubtedly reorganize herself, but she is at present in great disorder. Germany is under control. Austria-Hungary has been shattered into fragments. France and Italy, which are almost equal in population, are the most populous of all the victor-states. The population of France tends to decrease, while Italy's population is increasing within its narrow territories, and finds it difficult to expand.

The countries which show most activity and internal peace are outside Europe—the United States in America, and Japan in Asia. Their population is greater than that of any European State. The war introduced into Europe a tendency to disintegration, and to the resurrection of small nations which, in the course of history, had been slowly absorbed into larger national units. The great political units which ensure the maximum of production, and which are their own markets, have been

reduced or broken into pieces, and are in the throes of fierce internal conflicts.

Thus Europe, this little part of the Eurasian continent, this Europe which has reached the summit of civilization, and which, before the war, in a sense directed the action of all the countries of the world, has now lost a great proportion of its economic prosperity, and its exchanges are ruined. Almost exhausted by its efforts, tired, and with its demographic structure weakened, Europe, which was yesterday the creditor, and to-day is the debtor of the other continents, finds its importance diminishing from day to day.

Those nations of which the Europe of yesterday had most reason to boast evoke but slight consideration to-day. Europe no longer shines forth as the beacon of economic and industrial civilization. During the four years of the war local industries developed everywhere, which would not have arisen but for the war, and which live only by means of tariffs. The nations of Europe appear everywhere in the garb of debtors.

Nothing, however, has done more harm than the spirit of violence with which the Treaty of Versailles is filled. Europe was divided into victors and vanquished, and all the world was informed that the vanquished were to be regarded as inferior peoples, although they were the races which were held in most respect outside Europe. The importation of black men, brown men, and yellow men to occupy Germany in time of peace has lowered Europe's prestige greatly. Compelling the Germans, in legal form, to hand their women over to barbarians has caused those barbarians to have less respect for all white men, and even to have contempt for them.

The act of compelling China to enter the war brought no advantage. On the contrary, from the point of view of world-politics, it was a real disaster. The united European front which was created in China in 1900, and which should have been maintained for several decades, till the present Chinese chaos had passed, has been destroyed. That immense country, which, since the fall of the monarchy in 1911, lives in permanent disorder and in an anarchy complicated by the fiercest civil war, needed a concerted European action to bring about its own rehabilitation. But the rôles have been reversed: China has come to Europe. She has sent her representatives to the numerous international conferences—skilful diplomats, unscrupulous, untruthful, and wearing a veneer of European culture. They have succeeded in convincing the Entente that their country is mature for all kinds of reforms, beginning with the abolition of the Capitulations. The Capitulations have therefore been abolished for the vanquished nations and for friendly nations who fell as a result of the war. Germans, Austrians, Hungarians, etc., no longer enjoy extra-territorial privileges in China. It is easy to understand what opinion the Chinese will have of a Europe which regards the vanquished as being on a different footing from the victors in China. It is also easy to understand how difficult it will now be to maintain the capitulatory system even for the victors. As long, however, as the victors maintain their extra-territorial privileges, it will be entirely in the interest of China for her to prevent grave abuses in the Chinese tribunals, in order to be able to uphold the total abolition of the privileges of the other European States. If this abolition were brought about,

there would no longer be any security for the peoples which have no fleet and no means of military defense, and the Chinese would have a free hand in administering justice in their own style; that is to say, they would be able to commit crime after crime against the elementary principles of western law. It was only yesterday that the episode took place by which the settlement of the Upper Silesian frontier was almost referred to the decision of the Chinese delegate, Wellington Koo. One is almost driven to despair of the future when one reflects that Europe, blinded by hatred, was on the point of referring the settlement of a European question of supreme justice and lofty civilization to the representative of a country which is in continual turmoil, in which a Government scarcely exists, and which is split up into numerous factions, championed, not by the leaders of the various political parties, but by military leaders, whose sole object is to obtain as much money as possible, by holding the people to ransom and by pocketing the taxes.

Differences of opinion have become apparent among the victor-states of the Entente. America has drawn on one side. Its formidable weight had decided the issue of the war; but, after Wilson's errors had allowed most unjust treaties to be drawn up, in order to bring into existence a League of Nations, which transformed itself into nothing more than a legal guarantee for the abuses of the victors, America, with wise discrimination, did not ratify the treaty, and did not enter the League of Nations. A justifiable mistrust permeated public opinion in America. People in Europe often speak of America's greed and selfishness. Nothing could be more unjust. During the war America supplied the sinews of victory

to a large extent, and at the critical moment she supplied also men. Nothing produced so much trepidation in Germany as the arrival of the American troops. The Germans realized that there were enormous reserves of material and of men, and that the fortune of war was decided.

In addition, America lent liberally. She has demanded nothing in return except interest and the repayment of her loans. With true nobility, she has demanded no territory of the defeated foe, no colony, no concession, and no special consideration. If her representatives have committed errors, the American democracy is not to blame for them.

She now asks for the repayment of her loans, and of interest to begin with. The victor-countries of Europe, which, contrary to their solemn pledges, have tortured the vanquished countries, subjecting them to every kind of humiliation, depriving them of all their transferable wealth, occupying them with colored troops, and disorganizing their production, are unable to pay even the interest on their debts. They are not paying their debts, or even the interest on them, and yet they claim that those who have lost everything shall pay. It is a great injustice to accuse America of selfishness. America will not be able honestly to renounce any of her loans so long as there are armies of occupation in the defeated countries with the pretext of demanding indemnities which can never be paid, and which are euphemistically termed reparations.

America, after the bad treaties, has shown dignity and political insight by refusing to assume any responsibility for the growing disorder of Europe.

Material factors are, without doubt, not the only ones which act on the life of peoples; and often they are not the most important. Moral factors often have greater weight. But there is no doubt that the material factors of life often react on moral ideas. Even in modern times we have seen religious peoples, descendants of men who had emigrated in order to keep their liberty (which is much more precious than wealth), practising slavery, defending it, and fighting in order to maintain it.

Differences in their economic situations place Great Britain and France in two different positions. Britain regards the restoration of peace as a vital matter. France considers it essential to depress and strangle Germany, even if that means that there will be no peace. Italy, compelled, like Britain, to live by foreign commerce, is compelled, in spite of the indecision which has characterized its foreign policy, for the past two years, to follow the British policy, in the hope of a reconstruction of Europe, without which Italy, after enduring a series of crises, will see almost all her resources depleted.

Lloyd George has stated that Britain is personally interested in the economic reconstruction of Europe and wishes to cast aside all selfishness and summon all men to this great humanitarian work, which must be undertaken without the slightest delay. Every month that passes aggravates to a fearful extent the human misery which, in some parts of Europe, threatens the very foundations of civilization.

The revival of international exchanges, the fall of customs-barriers, and the restoration of the defeated States, are great political and moral problems for Eng-

land, but they are economic problems also. In the year which preceded the war, in 1913, the exports of Great Britain amounted to 425 millions sterling. Her chief customers were Germany with 60.5 millions, France with 40.8 millions, Holland with 20.5 millions, Italy with 15.6 millions; outside Europe, her chief customers (excluding British possessions) were the United States with 59.4 millions, and the Argentine with 23.6 millions. At the present time, the whole of the British export trade is in great disorder. Further, Britain has lost the markets in which she made most of her purchases. In 1913 her imports amounted to 80.4 millions from Germany, 46.3 millions from France, 141.6 millions from the United States, 40.2 millions from Russia, etc. Many industries are suffering profoundly from the lack of certain raw materials and partly manufactured goods which only Germany and Russia were able to produce easily. In order not to depreciate the value of the pound sterling, Britain avoids buying in countries whose rate of exchange is high. On the other hand, countries with depressed currencies either are not able to buy, or demand long credits, which Britain cannot safely give, on account of the uncertain future of those countries.

Great Britain, as Lloyd George said in a memorandum of January 6, 1922, is a country which lives by its export trade. Its commerce was devastated by the war as terribly as was the territory of France; and the consequences of that devastation, from the point of view of privation and suffering, are very grave. Great Britain has nearly two millions of unemployed, and the necessity of providing for them affects the national balance-sheet seriously. France is more comfortably situated, because

she draws her greatest supplies from agriculture, and is not affected by the stoppage of emigration, as Great Britain and Italy are. The people of Great Britain cannot find the necessities of life in their own land, but must buy two-thirds of their food abroad. Great Britain produces hardly sufficient food-stuffs for two days in the week; she must provide for the other five days by imports. The war, by threatening to block the channels of commerce, laid bare this dependence on other countries. England has made every effort to develop her agriculture, which, however, is so unremunerative that in many cases the effort has had to be abandoned.

England, with her powerful navy, contributed more than any other country to the starvation of Germany and to her military collapse. Immediately after the war, however, she saw that, for the sake of her own existence, it was necessary to reconstruct Europe, and also Germany, without whom there will never be any economic stability in Europe.

When Lloyd George spoke of the necessity of peace he gave voice to a deep-set feeling of the British educated classes, and one about which the banking and industrial classes are deeply concerned.

Italy has to make good by imports her deficiency in food-stuffs; she produces hardly any of the raw materials indispensable to industry; she lacks coal, iron, cotton, etc. Emigration used to provide her with an outlet for her surplus population, and with the most essential supplies. The war, by impeding the action of the labor markets, has arrested emigration, disordered commerce, and diminished supplies of every kind. Italy's greatest exports were confined to Europe—to Germany, Austria-

Hungary, Switzerland, France, and England. Germany and Austria-Hungary alone absorbed more than a third of Italy's exports and a large proportion of her emigrants. Italy will never be reconstructed without the renewal of the economic life of Central Europe, with which her own economy is intimately connected.

A peace policy is at the same time an ideal and an economic necessity for Britain and Italy, and, to a large extent, for Belgium also.

France, with her wide fertile territory and her small population, has food supplies sufficient for her needs, even if she were to live in isolation. With a population almost equal to Italy's, she has at least twice as much cultivable land; while her whole area exceeds that of Italy in a proportion of more than 5 to 3. She can produce, with only a small effort, all the food needed by her people. More important still, her new territories and her colonies give her a unique position. She possesses an abundant supply of fertilizers—potash, phosphates, basic slag, etc. Having taken from Germany more than four-fifths of her iron and a large part of her coal, and having made reparations the handmaid of her steel and iron trade, she possesses the conditions which are most favorable for industry. She has a colonial empire which is the largest in existence, and which has enormous resources. Although her financial situation is extremely grave, perhaps the gravest of any among the Entente States, France, if the state of her exchanges became very bad, could still live on her own resources.

But France has always before her eyes the nightmare of Germany, the population of which is increasing rapidly, and which is still the most compact ethnic unit in

Europe. France has thirty-nine million people, and Germany, although dismembered, still has more than sixty millions. Further, while in France the death rate is equal to the birth rate, Germany has a strong and continuous increase.

Even in 1920 there were 600,000 more births than deaths in Germany. Every year makes good the deficiencies of a lost province. How can France depend on the uncertain aid of Poland, which is threatened by Russia? France is consequently in a characteristic state of mind—*anxiety*. She sees in her neighbor only the enemy of yesterday, and perhaps the enemy of to-morrow. Her sole plan against the enemy is therefore one of conflict, and her sole object is to conquer. Germany is unarmed and beaten; but France fears the Germany of to-morrow. If Germany's economic collapse is necessary to ruin her people completely, and to make them powerless, no means whatever must be spared. Clemenceau, therefore, spoke with absolute sincerity when he said that the Treaty of Versailles is nothing but a method of continuing the war. It used to be said that the war was fought against imperialism; but Germany now has an entirely democratic Government, and her working classes are firmly resolved to defend the new system. Germany's sole aspiration is to become a great democracy; but this aspiration has not changed the behavior of France in any way. In every international conference, and in her every act, France wants not only what suits her, but whatever will best crush Germany.

England desires and is in need of a policy of peace, but she finds herself confronted with a difficult and unfore-

seen situation. France is following a different policy in the East, and is developing her submarines and her air force, which certainly cannot aim at preventing an offensive on the Rhine, for everyone knows that that is impossible. A more resolute peace policy in England might lead to a conflict with France. England's action therefore, though it aims at peace and reconstruction, is paralyzed by fear of new conflicts, or at least of new hatreds.

A political situation has been created which is throwing Europe into increasing disorder. She has no possibility of taking a resolute step in the direction of peace, although she does not want new and terrible wars.

Thus the finances of all the States are getting into a worse plight than ever; relations are becoming more strained, and the economic disorder is getting worse and worse. Mutual mistrust is paralyzing all activity. America alone has power to become the decisive factor of the peace, as she was the decisive factor of the war.

CHAPTER V

THE GROWING DEPRESSION AND ECONOMIC DISORDER OF EUROPE

WHILE the various States of Europe are contending for the Continent, with their schemes of dominion, new forms of imperialism, and desire to smother the vanquished, production is being disturbed more and more, and their finances are being disorganized. Although it is four years since the war ended, no kind of order has entered the European economy. The disorder, in fact, has become more acute.

The three great victor countries, Great Britain, France, and Italy, not only have no harmony in their views, but are often sharply opposed to each other in interests and in sentiments.

Efficiency of production is not secured by the possession of raw materials alone, or of an abundant supply of labor, or of untrammelled means of communication. All three of these must be possessed together. Germany, which was by far the greatest factor in European production, now has its very existence threatened. It buys and sells with difficulty; it is bound down to enormous expenditure on the armies of the victorious countries; and its internal economy is disorganized. It has the men, but it has not sufficient raw materials; nor has it the exchanges, or ease of movement, or freedom of com-

munication. Each day sees a further restriction in the consumption of the articles most necessary for life. The consumption of bread, meat, potatoes, etc., has in some cities been reduced by more than 50 per cent.

France has acquired the monopoly of a very large quantity of raw materials. But it has only a small number of men; its financial difficulties are growing, and its activity is directed to a program of military expansion, which is based on a mere dream of hegemony. Italy, which is placed in a difficult situation by the growth of customs barriers, by its lack of raw materials, and by the impossibility of an extensive and unchecked emigration, is making every effort for its own reconstruction. Its interests coincide with those of a real peace. But, in the preparations for the Treaty of Versailles, it either did not act at all or its action was injurious. For some years, as in the solution of the Upper Silesian question, it has acted in a manner calculated to increase the disorder. Russia, which has the greatest reserve of raw materials in the Eurasian continent, is almost entirely out of action.

A state of insecurity and impermanence dominates the economic life of all countries.

Those States which, thanks to their possessing exchanges at par, or at least very high, could most easily work out their own salvation, are unable to send anything to countries which have ruined, or greatly depressed, currencies. These latter countries, in their turn, cannot buy the raw materials of which they are in need, nor obtain any security, on account of the continuous and sudden oscillations of the exchanges. Thus, with the exception of a few countries which are able to live on their own resources in comparative isolation, all the countries

of Europe are in a state of crisis, of financial and economic disorder.

Europe, taken as a whole, has been transformed from a creditor continent to a debtor continent. In the Aryan tongues, the words which denote wealth denote power and dominion also. Under the burden of the war, and of the peace which is a continuation of the war, the power and dominion of Europe have diminished, as its wealth has decreased also. The lowering of the standard of life of the peoples, and the disorganization of the raw materials and the finances of all the States, have been made all the more injurious by the new armaments policy, which foreshadows a more insidious and more perilous future. All the bonds of solidarity have been broken, and customs barriers hamper all commercial activity.

The war, and the state of want which followed it in many countries, probably cost Europe a number of men exceeding the population of any of the largest belligerent States.

According to the most reliable official figures, the number of officers and men killed in the war exceeded eight millions, in addition to twenty million wounded, and more than seven million taken prisoners or reported missing. The figures concerning Russia are very uncertain. Among all the other countries, Germany, which had been compelled to fight simultaneously on several fronts, had the greatest number of killed. But, to a different degree, the losses of almost all the belligerents were enormous. France, Great Britain, and Italy together had considerably more than two and a half million killed.

During the war the death rate was higher, not only in

the belligerent countries, but also in neutral countries, and the birth rate was lower. On account of the decreased birth rate and the increased death rate, there is a reduction of at least eight millions of the civil population, excluding Russia, whose figures are not available, but whose losses were undoubtedly very severe.

After the war vast epidemics of typhus, smallpox, cholera, and influenza devastated Eastern Europe; in Central Europe tuberculosis is spreading; in Southern Europe, in addition to the spread of tuberculosis, there has been an enormous increase in malaria and diphtheria.

The wounded, according to the most reliable official statistics, and excluding Russia, exceeded twenty millions. About a quarter of these are wholly or partially disabled, and their economic power is considerably reduced.

Tuberculosis has developed in a violent and threatening manner in almost all countries, and is developing rapidly in Germany and Austria, and even in the victorious countries. Inclusive statistics for whole countries are not available; but, if we examine the figures of the large cities (which are, in nearly all countries, the only ones available) we notice an alarming development of tuberculosis. Syphilis, too, in all the countries which took part in the war, is increasing enormously. Malaria has spread throughout all parts of Italy, the Balkans, Greece, and Turkey, and, in some areas, is pandemic. There are a number of cities in Central Europe in which the number of deaths from tuberculosis has doubled, and even trebled, and the whole population is under a perpetual menace.

The physique of all the belligerent population also has deteriorated to an extraordinary degree. Those who

died were not only the most virile element of the population, but also the superior element from the point of view of morals. They were those who did not shrink from their duty, and who gave proof of the greatest self-sacrifice. Those who, during the European conflict, cried aloud for war in the streets of the cities of all countries, and who showed the greatest spirit of intransigence, paid but a slight tribute to death. Those who died were, above all others, the most industrious and active members of the community, and those who accepted the war as a national duty and not as a political weapon.

According to the latest census of each country, women are much more numerous than men in Europe. Leaving out some of the Balkan States, where, in any case, the census figures are very unreliable, there is a surplus of women in every country of Europe. If we classify the various populations according to sex and age, we receive a still worse impression, because there is not only a surplus of females, but males from twenty to thirty-nine years of age have diminished in number.

The vital statistics of some States present an alarming phenomenon. In France, there were 605,000 births in 1913, 594,000 in 1914, 387,000 in 1915, 313,000 in 1916, 342,000 in 1917, 399,000 in 1918, and 404,000 in 1919. As about half the number of children born are females—there were not less than 104 females to 100 males in France in 1911—France had a birth rate of 291,000 males in 1914, 189,000 in 1915, 153,000 in 1916, 167,000 in 1917, etc. Part of these will die, or will become incapable of bearing arms, before they are twenty. This means that, if France wishes to keep her army at its present strength or even a little lower, she will

be compelled, even with the institution of a long period of military service, to summon to the colors all available males for several years; i.e. she will be compelled to withdraw from productive labors all the most virile members of her population.

Together with this decline in population, all the countries involved in the war experienced a state of diffidence among their working classes, an increased dislike for work, and a deterioration in the quality of the work. This state of affairs lasted for two or three years, and cannot be said to have passed away even now. The more modern and less strongly constituted States, moreover, have for some time experienced a growing inefficiency in all departments of the State, an increase in the number of officials, and less return from labor. Economic and social reforms, which had been impossible in the time of prosperity, have been put into operation with the greatest readiness at the very time when production was diminishing and was encountering very great difficulties. In many States the working-day has been reduced to eight hours in theory, and to less in actual practice; wages have been increased, and the State has taken over new burdens in connection with industry, insurance, etc.—burdens which no one had dared to shoulder at the time of the greatest financial and economic prosperity.

Before the war, continental Europe, with its great political units of Germany, Austria-Hungary, Russia, France, Italy, etc., had directed all its efforts to production on a large scale. Each of the big States had a vast home market, and production was entirely directed towards the formation of large industries for these great markets. Raw materials were utilized in whatever way

was most suitable. Now that Europe has been divided into a large number of States, raw materials have been parceled out at the will of the victors. Germany has surrendered to France four-fifths of her iron, and a large proportion of her coal, potash, zinc, lead, etc. France, however, is unable to utilize all these resources; and Germany, on account of the collapse of her exchanges, is unable to acquire the most indispensable raw materials. All the mineral wealth of Upper Silesia has been handed over to Poland, in violation of the very treaties and of the referendum which was imposed with a view to allotting Upper Silesia to Germany. Poland, however, does not even know how to utilize the resources which she has nearest at hand. She has no technical experts, no organizing ability. She is in a state of absolute bankruptcy, and aims only at acquiring territory. Germany has lost her greatest treasures; but Poland, disorganized and turbulent, has not known how to use them. Austria-Hungary used to be a vast empire even more extensive than Germany, and with almost fifty-four million inhabitants. The raw materials which were found in that vast territory were utilized in a scheme of production on a large scale for a large market. The great industries of Vienna, Budapest, Prague, etc., worked for the whole Empire. Trieste was the port for German Austria and Bohemia, and Fiume for Hungary and Jugoslavia. There are now seven States on the former Austrian territory—little States whose mistrust is only equaled by their youthful inexperience. These States each have their own customs barriers, and are trying to create national industries, subsidizing artificial and therefore ephemeral occupations with paper money. Meanwhile, the large

industries of Vienna, Budapest, and Prague have no longer any markets; and the ports of Trieste and Fiume, with their extensive plant, have no longer hinterlands.

All the industries of Germany depended closely on each other. Working over a vast territory, they had achieved a skilful division of labor, and had therefore reached the maximum of cheap production. The random partition of large portions of German territory, and the confiscation of her greatest assets, have completely upset her production. Factories which used to form different branches of the same business now belong to different States, or to different customs systems.

The elementary principle of economics is that there can be no sellers without buyers, and no buyers without sellers. Exchange is, consequently, the foundation of production. The victors, by depriving the vanquished of all their transferable wealth, and by limiting, or fettering, all their non-transferable resources, have placed themselves in a condition of not being able to sell their productions. The crisis has therefore been transferred from the vanquished to the victors, and threatens the whole of their future.

Before the war, in the financial year 1913-14, the greatest buyers of goods in the American markets all came from Europe. Great Britain made purchases to the extent of 594.2 million dollars, Germany 344.7 million dollars, France 159.8 millions, Holland 112.2 millions, Italy 74.2 millions, Belgium 61.2 millions, etc. How can Europe buy in America now, if she has nothing to buy with? The disorganization of production in the vanquished countries attacks the victorious and the neutral countries of Europe, and then spreads beyond

the confines of the continent. The purchasing power of Europe, i.e., of the greatest market of consumption in the world, has greatly diminished, and, with it, the productive power of countries outside Europe has diminished also. The United States of America, in fact, has reduced immigration to a minimum; and the countries of Central and South America which are in still more severe economic difficulties, do not want workmen, because the market of production has been narrowed. The great development of the means of production which took place in America during the war has not led to a corresponding development of the market of consumption in Europe, because Europe in its turn has not developed its productive power, but rather tends to reduce it. The more abundant and varied productions are, the more easily they are exchanged, and to a greater extent.

The enormous increase in the world's tonnage, amounting to more than twelve million tons, has produced no result but that of causing an acute crisis and of arresting construction. The crisis became still more acute when Germany's merchant fleet was uselessly taken from her, because the maritime market has been deprived of many of its most active and industrious elements, which would have been able to discover new channels of trade and to create new relationships in commerce.

The financial disorder of Europe does not permit of any comparisons between prewar imports and exports and those after the war. The examination of the quantity of goods imported and exported is, however, a sure index of the state of depression.

Examining the situation of certain raw materials before and after the war, one finds that the world's

market has undergone a remarkable modification, and that the importance of Europe has diminished greatly.

The League of Nations has collected figures concerning some important raw materials—cereals, wool, cotton, coal, petroleum, chemical manures, etc.

With regard to cereals, only a few European countries, in the five years before the war, produced enough for their own consumption and for export also. They were Russia before all others, and Hungary, Rumania, and Bulgaria. Compared with the 303 million quintals produced by these four exporting countries (including 221.8 millions from Russia alone), the rest of Europe produced 256 million quintals. The other countries able to export cereals—the United States, Canada, India, the Argentine, and Australia—produced over 400 million quintals, 186.8 millions of which came from the United States.

After the war the Russian market collapsed. Europe, on account of the difficulty of buying, has tried to increase its production, without, however, being able to produce more than is needed for home consumption. The United States has become the great exporting country, with a production of from 200 to 250 million quintals.

With regard to wool, the British Empire accounted for 41 per cent. of the world's production, and for 60 per cent. of the production of non-European countries. After the war the economic isolation of the Central Empires, the collapse of Russia, and the disorganization of the invaded territories of France revolutionized the state of the market. The United States, by purchasing all available supplies in South America and Australia, has been able to develop her manufactures enormously;

and, by the same methods, Japan has tried to invade the Eastern markets, with remarkable results.

Before the war 58 per cent. of the world's cotton was produced by the United States, and 21 per cent. by British possessions, including Egypt. Cotton represented 72 per cent. and 28 per cent. of the total exports of the United States and the British Empire respectively. The United States confined herself to the exportation of raw cotton; cotton manufactured goods were exported to South America and the Philippines only. Leaving on one side purely transitory circumstances, two phenomena are evident, which are capable of profoundly modifying the condition of the world's cotton trade. The first of these is the development of Asiatic manufactures in China, Japan, and India. These countries, profiting by the difficulties of Europe, and by the necessity which that continent has of providing for those European countries which are in the greatest need, are trying to deprive the European export trade of large markets. The second, and the more interesting phenomenon is the enormous development of cotton manufactures in the United States. This development causes one to fear a progressive diminution in the export of raw cotton from its greatest productive market. The definite collapse of the cotton-manufacturing trade in many European countries is not improbable, for they will not be able to obtain markets and the essential raw materials.

The total output of coal before the war amounted, in 1913, to 1,342 million tons, including 125 million tons of lignite. The coal trade was most important in three countries—the United States, which produced 38.5 per cent. of the total output: Great Britain, which produced

21.8 per cent.; and Germany, which produced 20.7 per cent. The United States, on account of her enormous development and her possession of more than half of the world's railways, exported only 3 per cent. of the world's total production of coal, and consumed as much coal as Great Britain, Germany, and Austria-Hungary together. In Europe, Great Britain and Germany exported large quantities of coal. After the war the coal output decreased rapidly. In 1919 it fell almost to a lower level than ten years previously, on account of the disorganization of every European industry, which had been profoundly disturbed by the peace treaties. Germany, moreover, had to surrender to France not only the coal of Lorraine, but that of the Saar also. She had to surrender to Poland the greater part of the collieries of Upper Silesia, and to supply enormous quantities of coal as part of the reparations. The condition of Germany has thus been completely disorganized, and, in order to prevent the collapse of her industries, she has to import coal. Poland and Czecho-Slovakia have received all the coal of the former Austro-Hungarian Empire. The coal output is disorganized throughout the whole of Europe in general, chiefly as a result of the peace treaties; and the total output has been diminished.

At the Paris Conference, which prepared the way for the Treaty of Versailles, while the United States, led by Wilson, were concerned with the question of a League of Nations, and Italy with that of the Upper Adriatic, the constant endeavor of France was to deprive the vanquished nations of their coal, even by creating artificial States.

Before the war, petroleum was produced in enormous

quantities in the United States. Of the world's total output, 64 per cent. came from the United States, 17 per cent. from Russia, 7 per cent. from Mexico, and 12 per cent. from all the other countries of the world put together.

During the war, as the Russian and Rumanian markets were closed, the output of petroleum increased to an extraordinary degree in the United States and in Mexico. In those countries it is chiefly in the hands of the American Standard Oil Company, and, to a less extent, in those of the Royal Dutch Company, originally founded in Holland. The importance of petroleum and benzine was greatly enhanced after the war. Petroleum and benzine were only used in relatively small quantities for lighting purposes before the war, but have now assumed a capital importance in transport, particularly on account of the tremendous development of automobiles and aviation. Consequently, the leading countries tried to come to special agreements after the war. Great Britain in particular has attached great importance to petroleum, which is a vital factor in the supremacy of the seas. The struggle between the American group and the European group has become very keen, because America, without having acquired any concession in the new States, has yielded to all England's claims in Mesopotamia. While the production of coal has diminished since the war, that of petroleum has increased, and the United States shows a large increase both in production and in consumption. But the production of petroleum is still only one-fourteenth of that coal, and, even though the heating-power of coal, is less by one-third than that of petroleum, the possibility

of substituting petroleum for coal in most processes is still very limited.

The results of the war have, above all, revolutionized the state of the iron trade in Europe. Before the war, Germany had developed her output of iron to a tremendous extent, and came next to the United States. The condition of the iron trade is in close dependence on the output of iron ore and coal. Germany, having lost four-fifths of her iron ore and a large proportion of her coal-fields, is in a difficult position. Notwithstanding this, France has been unable to increase her output of steel and iron in proportion to her new resources. Since the partition of the Austro-Hungarian Empire, and the allotment of its chief resources to States which are unable to utilize them to the fullest extent, the great steel and iron trade of Austria is declining rapidly. American supremacy has thus become more strongly marked than ever since the war.

The war has also revolutionized the state of the trade in fertilizers in the various European countries. Leaving out of consideration the export of nitrates from Chile, the United States held the primacy of the trade in fertilizers before the war. It is true that the output of sulphate of ammonia and of calcium cyanide was very important in Germany and in other European countries, such as Norway; but it is also true that the United States produced the largest quantities of chemical manures derived from phosphates. On the other hand, chemical manures derived from potash were almost exclusively in the hands of Germany, who had developed their production to a remarkable degree. Production was

regulated by a syndicate, which was supervised and protected by the State.

Since the war, however, the state of the market for fertilizers has changed. The United States has developed its production considerably. Great Britain and Germany have reduced their output of sulphate of ammonia. France, by regaining possession of Alsace-Lorraine, has been able to develop her production of potash considerably. Germany, however, in spite of the losses she has undergone, still retains the primacy of the potash industry.

It follows, from what has already been said, that the position of the United States, already a formidable one before the war, has become prodigious since the war. The disorganization imposed upon Germany, the dismemberment of Austria-Hungary, the consequent allotment of mines and industries to new countries which, on the whole, do not know how to use them, and the depression of Russia—all these place the United States in a position of holding the monopoly of the world. It can be said that the United States not only surpasses all other countries in the production of cereals, coal, iron, cotton, petroleum and fertilizers, but that they dominate the world's markets. With a population less than a fourth of that of Europe, and an area almost equal to Europe, the United States forms a single country, a single people. She can therefore direct all her manufactures and all her commerce towards industry and trade on a large scale. Europe, split up by national hatreds, tortured by divisions old and new, with its very life Balkanized, and Balkanized also by being composed of a large number of States, is unable to develop its trade. Every day customs-

barriers are arising, and the large States and the small dream of hegemony, and of imperialism. The imperialism of the small States is all the more injurious because of its inconsistency and the vulgar form which it assumes. One single country among those which have emerged from the war, with disordered finances and a falling currency, has more men under arms than America has. There are consumptive States which, instead of seeking for health in the rays of the sun, have loaded themselves with weighty armaments, and are taking shelter beneath their own hates and greed. They swagger, and imagine that that is life; they mutter threats, and think they are Jonquering.

America has become the creditor of Europe, not only on account of its large war-loans, but also on account of extensive loans to the commerce and industries of European States. Notwithstanding Europe's limited purchasing power, America is developing its immense resources. Already the possessor of the market for the principal food-stuffs (cereals and meat), it is extending its cotton factories and wool factories, and is taking Europe's place in the Pacific, where its dominion is growing every day.

America has nothing to fear from the military point of view, for its only neighbors are Canada and Mexico, and it is defended by two oceans. Thus, while Europe is ruining herself by savage conflicts, and while victors and vanquished tend rather to further separation than to union, America is consolidating its dominion almost without opposition. The foundations of the world's politics, therefore, have been profoundly shaken by the war, and Europe, chiefly on account of the fall of Germany, has lost that influence which she had throughout

the world up to the eve of the war. With the exclusion of Russia and Germany from all activity in Asia, Japan in its turn, notwithstanding its economic crises, is every day occupying the positions which Europe in its madness has abandoned.

The disorganization of production, which was brought about by the peace treaties more than by anything else, was followed by the disorganization of finances and the ruin of exchanges.

Examining the official documents, one experiences a curious sensation of surprise in discovering that public expenditure since the war, in almost all European States, has developed to an extent which nothing can justify; and that national balance-sheets, with only a few exceptions, show very serious deficits. There are many official publications in Europe and America which enable us to form a summary opinion on the financial disorder of Europe. On account of the confusion of the exchanges, it is difficult to say what are the income, expenditure, and debts of the European States. Everything is in chaos, and it is almost impossible to find one's way through the external debts, internal debts, paper money, Treasury bonds, and Treasury debts of all kinds. There are countries which, like France, cover almost a half of their deficits, or, like Italy, about a third, by means of a floating debt. There are ruined countries, such as Poland, Rumania, Austria, and Hungary, which live on the slender resources of an almost valueless paper currency.

On examining a memorandum concerning the finances of twenty-six European States, drawn up by the League of Nations in 1922, we find that nearly all of them had a deficit; that only two or three had a clean balance-sheet

or a credit-balance; that, with very few exceptions, public expenditure is increasing in all of them—not merely in absolute figures, but in figures relative to the state of the currency. We find, too, that the amount which can be raised by taxation has reached the maximum in almost every State, so that the revenue tends to diminish, while expenditure is either increasing, or not diminishing, or diminishing very little. A few countries have only a small difference between their income and their expenditure, but, in others, the income is not 50 per cent. of the expenditure, and is sometimes as little as 10, 15, or 20 per cent.

With the exception of Great Britain, which has followed a courageous financial policy, and has exacted very great sacrifices from its people, and with the exception also of the Scandinavian States, and of Holland, Spain, and Switzerland—all of which, however, have seen a remarkable increase in their expenditure as a result of the war—all the States of Europe are in great financial disorder. No comparison between these countries is possible, on account of the ever-increasing depression of the currency in many States, which makes all comparisons absurd, and on account of which the relative values change from month to month—one may go so far as to say from day to day.

There are countries which are completely submerged in a sea of paper money, and which are trying to follow the fluctuations of the exchanges and the variations of prices by new issues, and by covering deficits with paper money. Poland, Austria, Rumania, the Baltic States (excluding Finland), Portugal, and Germany now possess paper currencies which can never be redeemed.

The situation of some of the victorious States is already worse than that of the vanquished. Some of the vanquished States, however, are in an intolerable condition. The example of Austria alone is sufficient to show how absurd, ludicrous, and immoral the fundamental conception of the treaties is. Austria, in her present confines, has to live on her own resources; but she is surrounded by hostile States, her capacity for making purchases is limited, and there are high customs barriers against her. In order to live, therefore, she must necessarily import more than she exports. Since the war, and for several years, she has been compelled to alienate the greater part of her transferable wealth. Since it is not possible to express Austria's trade in terms of any currency, we can only say that, expressed in terms of weight or in articles, she imported 81.9 million quintals in 1921, and exported 14.8 million quintals; the imports included 2,069,917 articles, and the exports 1,611,964 articles. The imports are composed almost entirely of those articles which are most indispensable to human life. The Austrian balance had to sink of necessity under the weight of the treaties. In the financial year 1919-20 an income of 6.2 milliard crowns was budgeted for, and an expenditure of 16.8 milliards. The situation was one of extreme gravity, and one which ought to have been relieved—and perhaps there was still time—by a reduction of the circulation, by foreign loans, and by great economies. On the contrary, Austria has been compelled to pay all her public debts by new issues of paper money; yet every new issue has raised prices still higher, and has made economy still more imperative. In the year 1920-21 the expenditure was 70.6 mil-

liards, and the income 29.4 milliards. The budget of 1921-22 provided for an expenditure of 347.5 milliards, and an income of 209.4 milliards. The circulation of bank-notes in the whole of the vast Austro-Hungarian Empire in 1914 had reached a maximum of 5.1 milliards; at the end of the war it was already 35.5 milliards. Since the war, under the weight of fresh burdens, it has had no limits. The circulation of the Austro-Hungarian Bank amounted to 53 milliards at the end of 1919. After the partition of the various countries of the Empire, the Bank's notes in circulation in January 1920 had reached a total of 29.5 milliards for German Austria alone. This amount rose to 49.6 milliards in June 1921, to 70.1 milliards in September, to 160.2 milliards in December 1921, to 281.997 milliards in March 1922, and to 549.6 milliards in June 1922. From that time Austria has continued to circulate new issues more and more, and therefore the exchange continues to fall. In June 1919 the dollar was worth 33 crowns; at the end of the same year, after the treaties had been published, it was worth 155 crowns. In April 1920, after the dissolution of the former Empire into its several States, the dollar was worth 200 crowns; at the end of the year it was worth 603 crowns. In 1921, as the result of fresh issues, the rate of exchange reached bewildering figures. In August the dollar was worth 1,127 crowns; in December, 5,340 crowns. In 1922 the rate of exchange fell to 7,500 crowns in January, and to 30,025 crowns by the middle of July.

Prices naturally increased in proportion to the depression of the currency. The continual increases in wages and salaries only made the situation worse. Prices

are now more than 5,000 times higher than before the war. Salaries have risen a thousand-fold or two thousand-fold, which means that the standard of life has been reduced by three-fifths or four-fifths. It is considered that the Austrian clerks, with their nominally enormous salaries, receive a fourth or a fifth of their prewar income. The lot of the working-classes is, generally speaking, better than that of the middle classes. One may say that owners of personal property, in the majority of cases, possess absolutely nothing. Comparing prewar prices—the average prices in 1913-14—with prices in the middle of August 1922, one finds that the price of cow-beef has risen from 2.27 crowns to 18,000 crowns per kilogram; pork from 2.12 to 22,000 crowns; bread from .22 to 4,688 crowns; potatoes from .2 to 1,800 crowns; flour from .37 to 6,000 crowns; corn from 2.13 to 30,000 crowns; milk from .29 to 2,400 crowns per liter; and eggs from .7 to 800 crowns each. In order to buy a suit of clothes, one must spend a million and a half crowns. An overcoat costs a million crowns; a pair of boots, 100,000 crowns; a hat, or a shirt, about 50,000 crowns. The condition of the middle classes, and particularly of university professors and schoolmasters, has become horrible.

A university professor—and at Vienna there are some of the most learned men in the world—receives as the result of successive increases in salaries, from 600,000 to a million crowns per month; that is, no more than from ten to twelve dollars per month. If a Viennese professor wished to maintain the average standard of life of the middle classes, his present salary would not be sufficient to buy one suit of clothes a year, or under-

clothing and boots for a family of five or six people. Generally speaking, the most prominent professors are worse off than the lowest of the working classes. There is hardly one professor who can buy a foreign book, or who has the means for conducting scientific research; and there are very few, even among those who have private incomes, who are able to keep a servant. Almost all publications have been suspended. Academies and scientific institutions publish practically nothing, except by subsidies from abroad.

The fall of the University of Vienna would be one of the greatest catastrophes for civilization, and civilized men will have to avoid it at all costs, as it would be an indelible disgrace to our era.

Generally speaking, scientific studies were impoverished throughout the whole of Europe as a result of the war. The microbes of hatred, which have poisoned the whole of the life of Europe, have lowered the spiritual standard of the younger generation, and have dragged their energies far from the path of noble thoughts and noble aspirations. Until a few years ago, youth had noble ideals; now, in almost every country, it is pleading the cause of violence. The intellectual population of Europe, which had its greatest center in Germany, now seems smitten with paralysis. Among the millions who died in the war, there were many who were filled with the noblest energy of youth, and many who had the highest ideals. They believed that they were fighting for civilization; they did not know, and they could not foresee, the spirit of barbarism which was to invade Europe.

Now, the difficulties of the internal life of almost all the States of Europe have become greater, and there

is the greatest poverty in many States. Strife is producing a growing nervousness even in scientific and hard-working men. The rising generation seems to be following new ideals. Instead of admiring men who rescue others from death, such as Röntgen and Behring, it admires men who inflict death, and takes as its models brigands like the Polish hero Korfanty. Almost all the universities of Europe are on the down grade. The rising generation, educated during the war, honors violence more than justice. A part, perhaps even the greater part, of its activity, is directed to the discovery of new weapons of destruction and of death.

The University of Vienna, founded in 1365, was one of the greatest centers of thought in the world. Until a few years ago it was the third university in the world for numbers, and perhaps the first in importance as an agent of civilization. To it there went for education, not only Austrian Germans but all the peoples of the former Austro-Hungarian monarchy—eleven peoples, speaking eleven languages. What is more, the peoples of the Balkans and the East went there also. The University of Vienna was the center of eastern civilization, and other high-grade institutions completed the vast educational scheme. Among its professors there were, and are, some of the most learned men on earth. Biology, medicine, the natural sciences in general, mathematics, political economy, and law, find there, even now, some of their most brilliant exponents. The medical school of Vienna has long been considered of the greatest importance. The professors are now unable to conduct any research, and, in most cases, have to live under famine conditions. In 1914 the subsidy granted by the

Austro-Hungarian Government amounted to three million crowns, i.e. 600,000 dollars. The present subsidy is a milliard crowns, i.e. 14,000 dollars. The economic catastrophe which followed the military defeat will certainly bring about an intellectual catastrophe, with tremendous loss to the whole of civilization, unless a more noble feeling of solidarity spurs us on, out of this moral morass in which Europe is being smothered.

If the life of the professors is a torment, and if the most illustrious among them cannot buy even the most essential foreign books and scientific instruments, and cannot obtain the things necessary for conducting experiments (for two rabbits cost more than the upkeep of a whole laboratory), the life of the majority of the 12,000 students now in Vienna is insupportable. Many of them are compelled to live without sufficient food, herded together in houses where there are absolutely no heating apparatus and insufficient light. The majority try to earn their bread by work of any kind, in order to finish their studies at whatever sacrifice. Among its many absurdities, the Treaty of Saint-Germain-en-Laye compelled Austria to treat as Austrians students from all the States which have taken the place of the Austro-Hungarian Empire. There are now 5,000 students from those States in Vienna. They are poor people, chiefly Jews, who are compelled to flee from Polish universities, where they are only tolerated in the proportion of 3 per cent. There is a large band of these wretched students, who are assisted by the Austrian benevolent funds.

While Austria was reduced to these straits, and was incapable of providing for her most crying needs, the Reparations Commission, in March 1922, declared that

Austria and Hungary were to pay six milliard gold marks, which meant that Austria was to pay three milliards at least! If Austria possessed even less than one milliard gold marks, she would be able to put her circulation in order, and to recover an economic life which, if not normal—for her boundaries have made that impossible—would be at least tolerable.

Austria can pay nothing; she must be helped. Nevertheless, the Commissioners of Control in their land of Cockayne bellow even against her. One fails to see what there is for a Reparations Commission to do at Vienna. But those who are members of it, not being able to raise anything in the way of reparations, confine their activities to drawing big salaries, thereby outraging the feelings of the vanquished, who are reduced to extreme poverty. The Commission at Vienna claimed that the Austrian Government should make its payments in dollars, to be converted into francs. On June 1, 1920, it exacted 385,112 dollars, and, on January 10 of the same year, 301,913 dollars. In 1921 it demanded 10,000 dollars on April 27, 10,779 dollars on May 3; and 35,487 dollars on May 9. All these sums were paid in French francs, and were exacted without reason, at a time when it was known that Austria could pay absolutely nothing. They would have been sufficient to pay liberally all the expenses of the University of Vienna and of the institutes for higher education, as can easily be seen by a simple calculation.

Hungary has been placed in similar conditions, but, having better agricultural resources, she is able to endure with more composure the system of violence to which she has been subjected. In pursuance of the Treaty of the

Trianon, she has been deprived of all her greatest assets.

We have already stated what conditions were imposed on Hungary. Formerly, she occupied a territory of 109,188 square miles, excluding Croatia and Slavonia. She now has 24,539 square miles, and, according to the census of 1920, her population has been reduced from 18.2 millions to 7.9 millions. Among her greatest losses, she had to cede 39,442 square miles of territory and 5.2 million people to Rumania, 8,118 square miles and 1.5 million people to Jugoslavia, 24,320 square miles and 3.5 million people to Czecho-Slovakia, etc. If the principles of nationality had been respected, Hungary would probably have lost considerably less than half the territories of which she has been deprived. Further—and this is not less serious—she has been forced to yield two-thirds of her minerals, three-quarters of her railways, a large number of her factories, and a remarkable proportion of her cattle, etc. Hungary, in view of the difficulty of obtaining any balance whatever, has been driven, like Austria, to live on a paper currency. The State has not been able to procure the necessities of life except by inflating the currency. In March 1914 a Hungarian crown was worth 1.04 Swiss francs at Zurich; in March 1915 .82 francs only. In October 1916 it had already fallen to .38 francs. The revolution which broke out in October 1918 brought it down to .08, though it rose subsequently to .3. Still, even after the ruinous war and the revolution, the Hungarian crown was worth from 20 to 21 Swiss centimes. After the ill-omened Communist experiment, however, the crown was worth only .09 Swiss francs in August 1919. After numerous fluctuations, in the spring of 1922 the crown had already

fallen—owing to inflation and to the demands of the Reparations Commission—to .028; that is to say, it was worth about 165 times less than before the war. Hungary has made every effort to save herself, and to reduce her deficit to six or seven milliards in her latest budgets, and also to arrest the issue of paper money. These efforts have frequently been useless, but are none the less intelligent and courageous.

The enormous rise in prices and the disorganization of production in Hungary have assumed grave dimensions. They are due not only to the peace treaties, but also to the fact that Hungary has had to endure four tremendous calamities in succession—the war, the peace-treaties, the Bolshevik revolution, and the Rumanian occupation. The last-named was perhaps responsible for the greatest damage, for the Rumanian troops carried off from Hungary everything that they could possibly loot.

Of all the peoples which formed part of the Austro-Hungarian Empire, the Austrian Germans and the Hungarians alone have been declared responsible for the war, by the Treaties of Saint-Germain-en-Lave and the Trianon. That is to say, of the 54 million people who inhabited Austria-Hungary, 14 millions are responsible for the war, and 40 millions are friends and allies. In the various international conferences, especially the early ones, nothing was more comic than to find numbered among the friends of the Entente, by the side of its politicians, those men who had fought for Austria-Hungary, but who had subsequently changed their names, and had become Poles, Rumanians, Czecho-Slovaks, or Jugoslavs. On the other hand, Germans and Austrians whom

everyone knew to have been opposed to the war, and some of whom had even been persecuted for opposing it, were found in the ranks of the vanquished.

Among all the defeated countries, Hungary is the one with the strongest national spirit. No one imagines that the Hungarian people, proud and persevering, will not rise again. No one admits that Hungary can live for long under the severe conditions imposed upon her by the Treaty of the Trianon; and, from the Cardinal-Archbishop of Budapest down to the poorest peasant, no Hungarian is resigned to the present fate of his country. During the course of a thousand years Hungary has repeatedly saved Europe and Christendom from Asiatic invasions. Even today, in spite of her inevitable mistakes, she has been the first bulwark against Bolshevism.

Hungary, although reduced to such straits, has been required to pay at least three milliard gold marks towards the reparations. As the victorious States cannot demand anything else, they are demanding any cattle which have survived previous confiscations and the depredations which took place during the Rumanian invasions. The President of the Reparations Commission, in a note of March 8, 1922, demanded a large quantity of cattle *à titre d'avance immédiate*. As it is notorious that the victorious States have no need whatever of cattle, why do they demand an *immediate* consignment? For whom are the cattle intended? It is only a short time since the cattle demanded from Germany, and intended for Yugoslavia, were bought by two private firms, and resold in Switzerland, without ever having touched Yugoslavian territory!

Hungary did everything she could, and imposed every sacrifice upon herself to save her exchanges; but every demand of the Reparations Commission brought about a fresh fall. In a note addressed to the President of the Reparations Commission on March 27, 1922, the Hungarian Foreign Minister pointed out the close relationship between the demands of the Reparations Commission and the fall of the Hungarian exchange, and showed how the two facts were always intimately connected.

In order to supply cattle to the Entente at once, the Hungarian Government had necessarily to buy them in cash from its subjects. In view of the depression of currency, the Government had to make fresh issues of paper money, thereby causing a further depression. The cattle were not only not needed by the victorious States, but in some cases they provided material for mere speculation.

Some of the demands of the Reparation Commission seem to have no other object but that of reducing Hungary, which is fighting for its salvation, to the economic level of Austria.

In accordance with Article 174 of the Treaty of the Trianon (Appendix V), the Reparations Commission has asked Hungary to supply 1,000 tons of coal for each working-day of the Pecs mines. Hungary no longer has any coal for her own use; and, in view of the bad state of her exchanges, she can buy only small quantities abroad. At present, Hungary is able to produce perhaps less than 700,000 tons of coal. In order to live, even in a state of poverty, her present consumption of coal ought to be trebled, or at least doubled. Even if she makes use of the poorest kinds of fuel, she is compelled

to buy coal from abroad. The demand of even the smallest quantities of coal from Hungary is therefore a useless act of torment, a sure way of aggravating the industrial crisis, and of throwing the exchanges into still worse plight. Nevertheless, the Reparations Commission in its consummate folly has decided that Hungary must surrender to Yugoslavia almost half the coal which she produces.

Hungary supplies Pecs coal at 2,554 crowns per ton; then, on account of the state of her exchanges, she has to buy foreign coal at a much higher price. The Hungarian nation, which produces only a third, or even less, of its own small consumption of coal, has to give up about half of it at a low price. It must then buy coal from private firms, by issuing fresh notes. The private firms in their turn have to sell Hungarian crowns in order to buy foreign coal at a very high price. One cannot imagine a more idiotic contrivance, or, to express it better, a more wicked scheme for ruining, without reason, a country which wants to live and to reconstruct itself.

There are still Interallied Commissions for military control at Budapest, four years after the war. Until April 15, 1922, the English military delegation consisted of 19 officers and 18 non-commissioned officers and men, the French of 22 and 48 respectively, the Italian of 33 and 62 respectively, and the Japanese of 6 officers. After April 15 the delegations were reduced—the English to 7 officers and 10 non-commissioned officers and men, the French to 7 and 26 respectively, the Italian to 12 and 48 respectively, and the Japanese to one officer.

The members of these delegations, in addition to living

generally at the expense of the Hungarian Government in first class hotels, receive pay in the coinage of their own countries. An English colonel receives 71s. 6d. a day, a major 54s., officers of lower rank 42s., a sergeant-major 22s., etc. The men, in addition to their pay, receive separation allowances if married, and extra allowances for clothing. The French delegation is paid at the rate of 1,757.5 francs per month for a colonel, 1,732.5 for a major, 800 for a lieutenant, 565.5 for a sergeant-major, 103.5 for a non-commissioned officer, and 50 for a private. An Italian general receives 5,026.58 lire a month, a colonel 4,100.82, a lieutenant-colonel 3,483.41, a captain 2,029.35, and a lieutenant 1,654.4 lire. The non-commissioned officers receive from 1,265.47 to 995.88 lire per month, according to rank, and privates 649.59 lire. In the Japanese delegation, a colonel receives 300 yen (equivalent to 1,860 French francs), and a captain 175 yen (equivalent to 1,125 francs).

In addition to what they receive in kind, to the rates of pay, already dealt with, which they receive in the coinage of their own countries, and in addition to free lodgings, the members of the military Commission receive another allowance in Hungarian money, in accordance with a decision of the Ambassadors' Conference of February 22, 1922. This second allowance is 209,752 crowns a month for a general, 154,539 crowns for colonels, lieutenant-colonels and group-captains, 99,345 crowns for majors, 93,827 crowns for captains, lieutenants and second-lieutenants, 50,997 crowns for non-commissioned officers, and 30,920 crowns for privates.

Calculating the pound sterling as being equivalent to 5,500 crowns, and 100 French francs as equivalent to

10,000 crowns, we find that an English colonel receives 545,000 crowns a month, a subaltern 325,000, and a private soldier 70,000 crowns; a French colonel 331,000 crowns, a lieutenant 144,000, and a private 36,000; an Italian general receives 460,000 crowns, a colonel 316,000, a captain 194,000, and a private soldier 63,000 crowns a month.

Now, the head of the Hungarian Government receives an allowance of 250,000 crowns a month, or three million crowns per annum; a cabinet minister gets 152,000 crowns per annum, a general 123,000 crowns, a captain, or a second-grade civil servant 70,000 crowns per annum.

The expenditure of the Hungarian section of the Reparations Commission, of the Boundaries Commission, and of the Military Commission are so extravagant that one is humiliated and shocked in reading it.

As I had already spoken in detail of the situation in which Germany has been placed by the peace-treaties, I wished to speak also of the condition of those other defeated countries against which there is the greatest odium, or whose humiliation is chiefly desired, viz. Austria, Hungary, and Turkey.

But it is even more important to note that the new countries which have been created by the war, or at least most of them, are in fearful disorder economically and financially, perhaps in even greater disorder than the vanquished. The situation of Poland and Rumania, in spite of their great economic resources, is, from the financial point of view, desperate.

According to the figures collected by the League of Nations, Poland in 1921 had a budget in which the

income, including even the supplementary income, was estimated at 16 milliard marks, and the expenditure at 196 milliards. In 1922 the income, including many doubtful items, was estimated at 458 milliard marks, and the expenditure at 591 milliards. The consolidated and floating public debt amounted to 252 milliards at the end of 1921; paper money in circulation amounted on March 31, 1920, to another 10 milliards, which had grown to 229 milliards by December 31, 1921.

According to a statement made by the Finance Minister, Yastrzebsky, when he presented the budget for 1922 to the Polish Diet, the expenditure amounted to 1,155 milliard marks, with a deficit of 552 milliards. In addition, the State has issued more than 424 milliards in paper money, and has a debt of 314 milliards at the *caisse territoriale*. This state of affairs can no longer be called finance, but is merely a chaos of expenditure, based on a currency which is becoming worthless, and on an ever-increasing inflation.

The new Baltic States (except Finland), and Poland and Rumania are in financial conditions which admit of no possible salvation. Jugoslavia, Greece, Portugal, and Bulgaria are in better state, but still in a very grave condition. Without entering into a detailed examination of the finances of these countries, it may be said that they will not be able to save themselves except by enormous sacrifices. They could, however, do so by pursuing a vigorous and intelligent financial policy. Czechoslovakia, although it has a highly inflated circulation, is the only one of the new States which has discovered how to conduct a sane financial policy, so as to reduce its deficit and its inflation. But, as it is surrounded on

all sides by States which have badly depressed currencies, production is becoming more and more difficult in proportion as the state of the finances, and therefore of the exchanges, improves. The difficulty of exporting, in fact, is increasing at the very time when the condition of the country is improving and that of its neighbors getting worse.

The three great victor-states, Great Britain, France and Italy, have shaped their financial policy in different ways.

Great Britain, by keeping a clean balance-sheet and good money, has given proof of a more serious purpose and a higher spirit of sacrifice than either of the other two. She has reduced all her expenses, both military and civil; she has disarmed to a large extent, and has accepted very heavy taxes, perhaps heavier than in any country on the Continent; and she has increased her direct taxation to an extent almost unknown elsewhere. She has reduced her paper currency from 464.9 millions sterling at the end of 1919 to 438 millions on December 31, 1921. She has made every effort to bring her currency up to par with the dollar. A pound sterling is worth 4.86 dollars at par. On December 31, 1921, it was worth 3.52 dollars, and is now drawing nearer to par every day. The budget for the financial year 1921-22 estimated the expenditure at 979 millions sterling, and the income at 1,058 millions. According to a statement presented on December 31, 1921, the national debt was 6,461.5 millions sterling, and the foreign debt 1,161.6 millions—7,623 millions in all. Great Britain is the only country which, even though it be to a limited extent, has begun to reduce its indebtedness. Further, it

has 1,963 millions sterling on the credit side, consisting of loans made to foreign countries during the war—557 millions to France, and 476.9 millions to Italy. More important still, Great Britain has not included in its balance-sheet any sums which it is claimed that Germany should pay as reparations. Notwithstanding the preposterous errors of a section of its Press, the country has grasped the fact that the best kind of reparations is that of picking up the broken threads of economic solidarity, and of renewing commerce with the defeated countries.

The economic and financial policy of Great Britain is therefore poles asunder from that of France. Since the solemn declarations made in the French Chamber, the majority of the French public is convinced, or was until recently convinced, that the enormous deficits in the budget will be made good by means of the German indemnity, otherwise known as reparations for damage done. France is always confident that Russia will pay her prewar debts; otherwise, how would it be possible ever to recognize her? France has always been convinced that Germany could pay indemnities of hundreds of milliards, including annual payments of at least twelve, fourteen, or even fifteen milliards and more, to France alone. Why impose taxes, if Germany is to pay? Why trouble the French tax-payer, when Germany is prospering, and still possesses such large assets? In the French budgets, therefore, the German indemnity continues to hold the chief place. But serious-minded people are beginning to doubt, and intelligent financiers do not believe at all. The great mass of the public, however, still remembers the speeches made in the Chamber im-

mediately after the war. What political party can risk its popularity? No one is willing to ruin his position by speaking that word of truth which will only injure the first man who dares to utter it. France has increased her army to an extraordinary degree. She has tried fresh colonial enterprises. She is developing her air force and her submarines to a formidable extent even now, when all her enemies have fallen. No system of hegemony existed in Europe before the war; but France, or rather the political currents which have risen to the surface in France, are now tending to form one. The States of the Little Entente are turning their eyes to France because she alone is left to maintain the theory that the treaties are inviolable, and that they must not even be discussed. They are poor countries, which are overloading themselves with arms and with debts every day, and are sinking every day in a sea of military expenditure, inflated currencies, and internal strife. As a result of the arousing of national passions, each of the States which arose out of the war is now a minor Austria-Hungary, inwardly consumed with nationalist conflicts. Serbs, Croats, and Slovenes are at strife in Jugoslavia, and Hungarians, Poles, and Slavs in Rumania. In Poland, feuds of every kind are fermenting among Jews, Russians, Germans, Ukrainians, etc.; while, in Czechoslovakia itself, the discontent of the Slovaks throws its shadow on the hatred between Czechs and Germans. Accordingly, every State which fears that the treaties will be modified lends its support to the French policy of not discussing the treaties, for fear of putting everything under discussion. Italy's action, which up to now has been shortsighted, is paralyzed as soon as it becomes

felt, while the action of England is suspected and feared.

Before the war France and Russia were on one side, Germany, Austria-Hungary, and Italy on the other. Great Britain remains almost always in imperial isolation, being more concerned with its Empire than with European struggles. There is now, however, a tendency to form a single continental system, and, since the war, France maintains an enormous army, in a greater state of efficiency than any other army of modern times; and she is developing her submarines, her air force, and every kind of poisonous and murderous gas. This policy naturally requires a huge military expenditure, and cannot be pursued for long without causing another conflict and new and terrible wars, and without exhausting the resources of France. The artificial States created by the Entente, at least as they are at present constituted, cannot last, and the foundations of their staying power are being shaken every day.

France, with an enormously increased expenditure, has for some time imagined that it is sufficient for her to cover 60 per cent. of that expenditure with ordinary income, and that the rest will be covered by the German indemnity for many years. This illusion cannot last much longer. In a recent publication, M. Rilbot, formerly Prime Minister and Finance Minister, and one of the most reliable financial experts of France, pointed out that the French national debt has risen to between 290 and 300 milliards (even more at the present time), reckoning the foreign debt at par. The uncertainty of the exact amount of the debt is due to the tremendous disorder of the treasury accounts ("Il y a un immense désordre dans la comptabilité, dans les trésoreries générales, partout"),

because of the difficulty in ascertaining the exact amount of war-bonds in circulation. Of the debt of 300 milliards, more than a hundred milliards are in Treasury bonds. The French budget draws a distinction between normal expenditure and recoverable expenditure, i.e. the expenditure due to the war, and which is to be paid by Germany. If we take up the French budget for 1922 we find an estimated expenditure of 48.2 milliard francs—25.1 milliards in normal expenditure, and 23 milliards in recoverable expenditure. The expenditure on the national debt is given as 18.1 milliards, of which 4.9 milliards are recoverable; on the army and navy 5.8 milliards, of which .9 milliards are recoverable; on the civil services 24.1 milliards, of which 17.1 are recoverable.

In the year 1913 the total expenditure of France was 5 milliards, 66 millions; four years after the war, in 1922, her military expenditure alone exceeded that amount to an enormous extent. Even taking into account the difference in the value of money, the increase is unprecedented.

Whatever the economic resources of France may be, her policy of expansion encounters two insurmountable obstacles—the decline of her population and her enormous financial disorder. A third obstacle is found in the weakness of the situation of Poland, whose existence is necessary to France. Like Italy, France is not in a position to pay her debts to Great Britain and the United States; but she claims that Germany, at whatever cost, shall pay sums much higher than she herself can pay. Come what may, she demands her full pound of German flesh. From this attitude there springs a policy which is

complicating the life of Europe and preventing a real peace. France, however, will sooner or later come to the position of not being able to maintain the general lines of her new political program, except by involving her own financial ruin and progressive exhaustion. When the collapse of Germany is brought about, France will find herself in an infinitely more serious position.

Italy emerged from the war in a state of economic depression much greater than that of Great Britain or France. Having concentrated all her efforts on the Adriatic program, and having been isolated from all the discussions which preceded and prepared the way for the Treaty of Versailles, she was deprived of all political action, her importance was diminished, and the antipathy of her neighbors was strengthened.

When Germany's absurd indemnities were fixed, France was allotted 52 per cent. of them, Great Britain 22 per cent., and Italy 10 per cent. Italy, however, by way of compensation, received a greater proportion (25 per cent.) of the Austrian indemnity, though that indemnity is no more likely to be realized than if it were debited against the planet Saturn. The Austrian indemnity is in reality one of the most farcical of things, because it has developed into a burden. The Sudbahn railway is a burden; the expenditure on the provinces reunited to Italy is a burden, on account of the share of Austria's prewar debt which they brought to Italy with them, and on account of the assistance which has been necessitated by Austria's condition. Thus the whole Austrian indemnity is nothing but dead weight. As I showed in a memorandum presented to the Allies when I was Minister of the Treasury, Italy was the country which endured the

greatest sacrifices in the war, while, in proportion to its population, it was also the country which had the greatest number of men under arms. Great Britain is an ocean State; France is a Mediterranean State only to a small extent; but Italy is entirely a Mediterranean State. As it has none of the most essential raw materials, it had to buy everything under the most unfavorable conditions. Italy entered the war with a debt of 13.3 milliards. Its total debt now hovers round about 114 milliards, and, without doubt, will reach 122 milliards by the end of the financial year 1922-3; and these figures are obtained by calculating Italy's debts to England and the United States at par. Italy's debts are little more than a third of those of France, as her economic resources are much smaller; and her floating debt is less than a third of that of France. Further, the difference between her income and her expenditure amounts to nearly a third, or at least a fourth, of her total income. In the financial year 1921-2, Italy's expenditure was 24.7 milliard lires, and her income 18.1 milliards. Her expenditure for 1922-23 is estimated at 22.2 milliards, and her income at 18.2 milliards. The deficit is, proportionally, much less in Italy than in France, because Italy has imposed very severe additional taxes. Moreover, she would have had a much more favorable position still, had it not been for a series of grave financial errors during the past two years. These include a law (which has never been put into force) making bonds to bearer illegal at a time when the market was most uncertain; an inquiry into war-expenditure, which upset industries and took away all feeling of security; the complete surrender to the State of all war-profits, which took place in no other country; and a series of taxes which

were most injurious to production—taxes on motor-cars, for instance. All these measures made up a system of demagogic finance which is most calculated to destroy wealth. These foolish measures have either been put into force in part only, or not at all; but they have helped, more than anything else, to lower the rate of exchanges and to depress the economic life of Italy. Italy, with great efforts, can regain her financial equilibrium, but only by imposing on herself the severest sacrifices; and she can then go slowly forward to a healthy circulation. A too rapid and sudden deflation of the currency, in countries which do not possess very large assets, causes almost as much harm as an inflated currency to industry and commerce. Still, Italy has made tremendous financial progress. She does not believe in the enemy's indemnity, and has never done so. She knows that she must depend on her own efforts, and on her own economic resources and on her man-power. No reasonable person in Italy, no one who has the least vestige of intelligence, attaches any weight to the indemnity. Only those newspapers which usually support the general trend of the French policy in Europe attach any weight to it. Italy knows, indeed, that peace and the resettlement of Central Europe are essential to her life and her prosperity. She has pursued a wavering and mistaken foreign policy during the past two years, as is shown by her abandonment even of Vallona, after demanding Fiume and Dalmatia; by her toleration of a policy of torment against Germany; and by her responsibility for the violation of the referendum in Upper Silesia. But, in order to ensure her own existence, she must, like England, desire a policy of reconstruction.

Belgium, who is no longer a neutral or an ally, and is almost under the military control of France, has, since the war, increased her expenditure to an extraordinary degree, especially her military expenditure. Before the war her budget was little more than 600 million francs. In 1913 it was 770 millions. In 1922 her estimated income had risen to 6,317 millions, and her expenditure to 7,459 millions, making the deficit 1,142 millions. In 1922 the military expenditure alone was greater than the whole expenditure of the State in 1913. With an internal debt of 27.7 milliards on December 31, 1921, and a foreign debt of 6.4 milliards—a debt which she, too, will never be able to pay—Belgium has derived great advantage from the priority of payment of the German indemnity which has been accorded to her. A characteristic feature is that expenditure of all kinds has increased in Belgium. This is perhaps due to the expectation of large reparations, in the payment of which there has been a widespread and naïve belief, owing to the action of the French Press.

We find, from this rapid and summary review, that the finances of all the continental States which came out of the war are in complete disorder, and that there is not one among them which has anything like a clean balance-sheet. We find, too, that there has been, in all the victorious States, a tendency to dissipation, due particularly to the scheme for obtaining the so-called reparations; and we find that, among all the continental States which took part in the war, there is none which is in a sound financial condition. The vanquished countries, including Germany, are in a state of absolute financial ruin. Not only will they be unable to pay their indemnities, but, if there is any desire to avoid fresh and greater ruin, it will

be necessary to help in their reconstruction, for the sake of protecting the interests of the victors, whose markets are becoming more and more restricted.

The situation of the victors and the vanquished is causing serious injury even to those States which remained neutral in the war. They are so much menaced by the economic epidemics of their neighbors that they have become belligerents in the economic war.

Holland, after a period of war-time prosperity, is suffering in a special way from the depression of Germany. With the conviction that Germany would rise again, Holland bought many milliards of German marks after the war, and has therefore been severely injured by the collapse of the mark. Her exports are in a state of crisis, and the trade of Hamburg and Antwerp already surpasses that of Rotterdam. The estimates for 1922 showed an income of 606 million florins and an expenditure of 854 millions; hence it has been necessary to raise additional loans. In the Speech from the Throne on September 20, 1921, the gravity of the situation was pointed out, and the people were warned that, as the expenditure was greater than the income, public life must be conducted on a more modest scale.

Spain before the war had an expenditure of about 1,100 million pesetas per annum—1,139 millions in 1914. Its ordinary expenditure is now more than two milliards, and its extraordinary expenditure is not far from half a milliard. Spain, which has great natural resources, cannot direct its activity to the task of economic reconstruction, being entangled in the Moroccan adventure. While its exports during the war were much greater than its imports, its exports are now decreasing, and its imports

increasing. None the less, Spain's finances are in a sound condition, although its public economy is much injured by the countries with which it did most of its trade, for they now have depressed and disorganized currencies, or are unable to pay, because their currencies have lost all value.

The three Scandinavian countries have perhaps felt the depression of the European market more than any other neutral States. The public expenditure has been more than quadrupled in Norway between 1913 and 1922, having increased from 170 million crowns to 717 millions. Foreign trade, which was considerably limited by the war, shows a large adverse balance. In 1920 the imports amounted to 3,033 million crowns, and the exports to 1,185 millions. In 1921 the figures were reduced to 1,462 millions and 576 millions respectively. In the past the difference was paid chiefly by maritime carrying trade and by emigrants. But Norwegian navigation, as throughout the world, is now in a very critical condition. Norway, which is a well-ordered and traditionally solvent country, is suffering from the effects of the war almost as much as the belligerents.

In Sweden, too, the national expenditure increased from 304 million crowns in 1915 to 1,118 millions in 1921; and 785 millions of this sum are effective expenditure. Its industries, whose productions are, to a large extent, intended for exportation, are suffering from the disorganization of the exchanges of the whole Continent. Some of the chief industries, such as the timber and iron trades, are suffering acutely from lack of orders. Its imports and exports, which almost balanced each other before the war, showing imports of 846 millions and

exports of 817 millions in 1913, are now disorganized, although exports have increased. The imports in 1920 amounted to 3,314 million crowns, and the exports to 2,278 millions.

In Denmark also the national expenditure has been almost quadrupled during the past few years, and imports have exceeded exports by a great deal. While the exports amounted to 777 million crowns in 1913, and the imports to 637 millions, they increased to 2,942 millions and 1,591 millions respectively in 1920. However, as Denmark is predominantly an agricultural country, it has perhaps suffered to a less degree than other countries from the post-war disorganization of Europe.

Switzerland has seen all its industry and trade disturbed by the war. The income derived from tourists, which used to form about a fifth part of the national receipts, has declined to an alarming extent. All the most important industries—the engineering trade, scientific instrument-making, clock-making, etc.—are in a critical condition. The expenditure of the Federal Government, which was scarcely 98 million francs in 1911, has exceeded half a milliard in the last two years.

There is no country in Europe which is not feeling the effects of the war; but they all feel the effects of the peace even more. The ever growing expenditure in many of the States, or even in the greater part of them, is producing fresh disorder in currencies and prices every day. An exaggerated system of protection is keeping costly undertakings on their feet and preventing sane industries from working with all their strength. There is a crisis due to over-production on one hand, and a crisis due to under-

production on the other; and there is a tremendous lack of equilibrium in economic life as a whole.

Europe's total consumption has been reduced 30 or 40 per cent. Raw materials have been taken from people like the Germans, who knew best how to use them, and have been given to people like the Poles, who did not know how to use even those which they already possessed. Disordered exchanges prevent at least two-thirds of the States of Europe from saving anything. What is the good of saving if the savings will be worth less tomorrow? Men and governments, looking at things from a nationalist point of view, see their own future and their own welfare not only in their own fortune, but in the fall of other countries. Thus the progressive depreciation of some currencies is purely artificial. Budget deficiencies, expenditure on armies of occupation, debts, new issues of money, and high prices constitute a tragic series of errors which are drying up wealth and life at their very source.

The vanquished are unarmed; but the victors, especially in the smaller States, are arming themselves. Excluding Russia, there are twice as many men under arms in Europe as there were before the war.

Reparations, which are the curse of the life of Europe, and which are now only a pretext for holding Germany in subjection, for slaying her politically, and for ruining her economically, have disorganized all international commerce. Since Germany no longer has any transferable wealth, if she really had to pay the reparations, she would have to raise her production to a maximum, and to produce goods at so low a price as to beat competitors. Hypothetically, this could be brought about in two ways—either by reducing the standard of life of the German

workers to such a level that they would be merely the white slaves of the victors, receiving only just enough remuneration to keep them alive, or, by developing technical apparatus on a prodigious scale. However it might be obtained, the result would mean only the destruction of the industries of the victorious States, unless any of them could live on their own resources, by establishing a self-supporting system, and therefore withdrawing from competition. The commencement of payments by Germany has aggravated the industrial situation of Europe. Similar phenomena would be produced if Great Britain and America (especially the latter) were to demand the immediate repayment of their loans, or even the interest on them.

The whole of the economy of Europe is in debt. With Russia isolated, the rest of the Continent is contracting ever greater debts with America. It is not now a matter of national loans, but of loans from American capitalists to their European clients. It must be remembered that America has lent Europe between two and three milliard dollars each year for the past three years. Part of these sums is made up of bad American speculations in European currencies; but the rest is made up chiefly of commercial credits.

Europe has been transformed from a creditor-continent to a debtor-continent. It has seen its power of consumption reduced by at least 30 per cent., and its productive power by at least 40 per cent. At the same time, since the war, a tendency to dissipation has become apparent in every State. This tendency has been produced by the pressure of new currents of popular feeling and by the action of big business men, who, having gained a great

deal from the war, frequently rekindled hatreds and promoted schisms by their desire for political conquests. Now that the economic system of Central Europe has been broken, the utilization of raw materials disorganized, and the great economic currents diverted, Europe is falling deeper and deeper into political convulsions. People are now less peaceably inclined than in the years which immediately followed the war. There are little countries which do not know how to live as independent States; States which arose but yesterday are now eaten up with internal nationalist conflicts; Europe's Eastern policy has broken down; inevitable ruin faces countries such as Poland, Rumania, and Greece, to which the peace had given larger territories. There are countries which have lost almost all credit, and Poland at least does not show any ability to reobtain it.

The three great victor-states are following three different paths. France wants to maintain the occupation of Germany and the demand for reparations merely as political weapons. She is, therefore, arming herself with new weapons of destruction, which cannot be aimed against Germany. Great Britain, convinced of the necessity of reconstrucing Europe, having made some mistakes in her Eastern policy, now finds greater obstacles to her magnificent reconstructive policy. Italy, almost entirely absorbed in her own difficulties and harassed by internal conflicts, is following a wavering policy, midway between her past errors and an appreciation of the need for reconstructing the life of Europe—a reconstruction which is essential, not only to Italy's economic development, but to her very life.

As in the most degraded periods of the Middle Ages,

some European peoples seem to imagine that political wisdom consists in seeing one's neighbors go from bad to worse, and in assisting their ruin.

Thus Europe, worn out more by a bad peace than by a cruel war, no longer finds in itself the strength needed for an economic resurrection nor the power of seeing the path that leads to reconstruction. We are witnessing a terrestrial cataclysm, and the tortured earth does not yet seem to have reached the phase of settling down after its convulsions.

CHAPTER VI

THE PATHS OF RECONSTRUCTION

WHERE everything is in disorder, where ruin is heaped upon ruin, all reconstructive work is difficult. The ground must be cleared of a thick layer of hatred, prejudices, and violence before building can be commenced.

The policy of Great Britain aims at the economic reconstruction of Europe and the renewal of normal relationships with Germany, both of which are of vital importance. The policy of France aims at the collapse of Germany's organization and the severing of her relations with the other conquered States. It is difficult to find the way of peace when hatred for the past and trepidation for the future destroy all calmness and reasoning. In spite of everything, France is still maintaining a formidable standing army, and, with its submarines, its air force, and its preparation of asphyxiating gases, is planning a military situation which cannot have Germany as its objective. Secure in its possession of the strength which it derives from the treaties, France does not abandon its program of sucking the life-blood out of Germany. The finances of France are always in a serious condition; but France counts on being able to live on its own internal resources, whatever may happen—a thing which Italy cannot do, and which Great Britain cannot do. The States which arose out of the treaties

of 1919 and 1920 are mostly adopting the same program, which insures the integrity of their territorial situation.

The grand scheme evolved during the past few years by Great Britain for setting Europe again in order therefore encounters very serious difficulties. Few people, however, are aware of the real state of things. In many countries a press campaign is disseminating news and opinions which are very far from the truth in nearly every case. In many European countries the Press is so obviously inspired from the same sources, and so frequently uses even the very same words, that one cannot fail to see the common origin of its news and its opinions, which are by no means calculated to strengthen the bonds of solidarity or the forces of reconstruction.

Europe is in a critical position, but the danger is unperceived; and, in some countries, anyone who points it out is brought face to face with the prejudices created by the war. In many countries, indeed, people continue to employ the same language as during the war.

In view of the attitude of France, every further effort of Great Britain can only produce a situation which becomes increasingly difficult, because the objects of the two countries cannot be reconciled. We may leave on one side all questions concerned with the revision of the treaties and with restitution not only for the most serious acts of injustice, but also for the most manifest absurdities. Yet there still remains Europe's fundamental problem—the problem of Germany and of German Austria. Perhaps the collapse of Poland, which cannot long maintain its unity, will simplify the solution of many problems; similarly with other countries, which are already worn out with their first efforts.

Mustapha Kemal's victory, which has driven the Greeks out of Asia Minor and utterly destroyed their army, has caused a change of opinions on the Eastern question. Many things are now being recognized as just which, only a few months ago, seemed to be outside all discussion. I still remember the sense of isolation which I felt in some international conferences, when I revealed my conviction that the Turks would resist, and that they had a right to be given better terms. If Russia were to overthrow Rumania to-morrow—and no great effort would be needed for that—and were to unite with the Turks (which event is by no means improbable), all the other treaties would begin to follow the Treaty of Sèvres to oblivion.

The situation created by the treaties is absolutely artificial, and is jeopardizing the life of Europe every day. It must inevitably be shattered, whether by agreements, by fresh wars, or by fresh revolutions of a fearful nature. We are witnessing in Europe phenomena almost analogous to those which took place at the fall of the Roman Empire. If, therefore, we do not wish to see the collapse of European civilization, which would be disastrous for the other continents, and for America in particular, we must seek the way of peace.

But, while France dreams of Empire, while all the heterogeneous States which have emerged from the war are torn by party strife, while there is a race for monopolies, and while mistrust, strife, financial disorder, and ruined exchanges exist, the Balkanized Europe which has resulted from the war cannot possibly find within itself the strength needed for its resurrection. France, which, in the hour of danger of 1914, invoked the rights of

humanity and declared that the war was being fought for the liberty of the peoples, is now in the clutches of plutocrats and of a militarist clique. Victory sometimes carries even men of noble minds off their feet; but, like drunkenness, it brings headache in its wake. It is unfortunate, as Montaigne said, that the headache comes after the drunkenness; for, if it preceded it, no one would get drunk.

Europe, then, cannot by its own efforts go forward towards that policy of reconstruction and peace which is essential, not only to the life and prosperity of Europe alone, but to the life and prosperity of the whole world. Great Britain, which, despite all the sacrifices it has endured, still has immense reserves of energy and wealth, could, if it wished, withdraw its attention from the Continent, and live in supreme imperial isolation. But, apart from the great injury which would accrue to Great Britain itself if it were to adopt such a course, the politics of Europe would lose their equilibrium, and ruin would be precipitated.

The only force which is capable of acting on Europe, and of bringing the present reign of violence to an end, is the adoption of a vigorous policy by the United States of America. If the United States will only be convinced that it is her duty to impose peace, as she imposed victory, by a decisive and energetic act, the life of all the world will be reinvigorated within a short space of time.

It is therefore necessary to examine the question of the intervention of the United States, not from a European, but solely from an American point of view. Is the United States in a political position to undertake this task; and, if so, is she in an economic position to undertake it?

America has already drawn apart, and is demanding the repayment of her loans. As we have already mentioned, the American Senate, after the Treaty of Versailles and the subsequent treaties had been concluded, raised its powerful voice against them and would not ratify them. It was an act of political wisdom, because the treaties are the greatest absurdity in history, the negation of all principles of justice, and the violation of all principles of nationality and self-determination. More serious still for America, they are the negation of Wilson's Fourteen Points, which constituted not merely a personal pledge of the President, but a solemn pledge of the American people. The American Senates saw the danger of recognizing, as a state of right, a state of fact which cannot last, and which is based solely on equivocation and violence. I have repeatedly praised the United States in this book, for not wishing to enter that assembly without prestige which the League of Nations, as at present constituted is, and which is reduced to performing tasks almost like those of the Reparations Commission, at the beck and call of the victors, even of the most exacting among the victors. It would be very beneficial, I might even say that it is essential, to the cause of peace, for America not to advance any loans to European States. It is unfortunate that America, through her banks, has advanced loans to municipal bodies, to railway companies, and to industrial firms. Every loan which America makes to European countries maintaining large standing armies, whether it take the form of buying shares in an industry, or of lending money to local bodies, produces nothing but harm, because it serves indirectly to perpetuate the state of disorder and of war which stamps the life of Europe.

The loans, not in the intention of those who advance them, but in the practical results which they produce, are a bad act; and, while the disorder of Europe lasts, they may even become bad business. I praise America also because she has not wished to take part in any of the international conferences which have followed the peace. The less her responsibility for the acts of violence and the crimes which have been committed, the greater will be her authority.

All this, however, does not take from America a share in the moral responsibility for what has happened and for what is happening. No nation is great merely because it is wealthy, because it is well armed, or because it is civilized, but, above all else, because it knows how to acquire prestige; and, for America, it is a matter of prestige to keep her moral pledges.

America contributed to the victory, not only by her military strength and her immense industrial and economic resources, but also, and before everything else, by throwing into the scales, on behalf of the Allies, the immense moral weight of a country which is recognized as the greatest democracy in the world.

When America published Wilson's Fourteen Points, which were supported by the American Parliament and people, Germany and her Allies collapsed. They saw that resistance was useless, and that peace was better than victory, because, even though reparation was to be made for the damage done in Belgium and elsewhere, the peace was to be without detriment to anyone, and there was to be equality between victors and vanquished, for the common good.

America, owing to a series of mistakes committed by

representatives who knew little of European conditions and who obeyed the wavering infallibility of President Wilson, took part in the preparations of the Treaty of Versailles. Wilson in fact, signed it, as did also R. Lansing, H. White, E. M. House, and T. H. Bliss. The Senate did not approve of the treaty, and it acted most justly. But is the moral responsibility of America any less on this account? Both material and moral forces direct political acts in international relationships. It is not a question of defining America's juridical responsibility. It matters little to us whether the treaty is binding on the American people according to law. We assert only that the Americans have a great moral responsibility for the treaties.

To hold aloof when everything around is burning, and when the fire has been, to a large extent, caused by one's own deeds, does not mean that one is exempt from responsibility for the conflagration. It means only that one is fleeing from one's responsibility. America, in fact, not only signed the treaty, but even sent troops to share in the occupation on the Rhine; and even Americans have looked on unconcerned at negro violence, which has been surpassed only by white perfidy.

I have always believed in the sincere idealism of the Americans. Under the veneer of the American business man there lies hidden a man of upright and ingenuous mind, a man who is willing to toil on behalf of the ideals of humanity. The European emigrants who founded the United States of America were profound idealists. They were men who would not tolerate religious violence, and who protested against it in the name of their own religion. They were men who would not tolerate abso-

lutism, who protested against it, and who forsook their native land because they scorned political violence and absolutism. Subsequent emigrants to America were those who would not tolerate misery, and who protested against a social system which would not allow them to develop their energies freely. Under the clothes of the American business man there are often concealed the mind of the Huguenot, the heart of the Quaker, and the feelings of his persecuted forefathers.

I have no authority to give advice to America; but I think I am speaking a language which the American democracy will understand when I assert that all the democracies of this old continent of Europe, which is breeding the microbes of violence and diffusing the microbes of imperialism all around, are awaiting the supreme word of democracy and peace from the America of Washington and Lincoln.

America realizes that she was the decisive factor of victory. Can she permit victory to be the bondservant of violence? Can she, through the fault of the indifference of her representatives, permit Europe to be partitioned in the most arbitrary manner, in violation of the principles of nationality and self-determination? Can she allow the victors, who had never spoken of reparations, to introduce that formula by a trick, when it is but a veil for demanding indemnities? Can she allow this indemnity, which is enormous, which was for a long time undefined, and which is to the last almost *ad infinitum*, to be merely an instrument of oppression, and to deprive Germany and all the defeated countries of the character of sovereign States? Does she clearly understand that the Entente, or rather France, wants to dismember Germany,

after oppressing her in every possible way? Does she not feel that, as the victory was not due to France alone, but to all the Allies, they all share the responsibility for the results of the victory and of the peace treaties concluded after the victory? Does she think it right that a so-called Reparations Commission should be placed above the German Government, and that it should control Germany to a greater extent than Turkey was controlled in its worst days? Does she think it right that the orgy of crime should be prolonged on the Rhine and in Eastern Germany, where the spirit of plunder has reigned up to now? Can she, in the twentieth century, allow German cities to be occupied in violation of the treaties, and to be occupied by colored troops? Can America allow the greater part of Upper Silesia to be allotted to Poland, merely to satisfy the greed of the plutocrats, after all the odious schemes for ruining Eastern Germany, and in spite of the fact that Upper Silesia had, in a referendum, solemnly declared its wish to belong to Germany, to which it had belonged for many centuries? Does America consider it lawful that the Saar, which is entirely German, and which had belonged to Germany for many centuries, should be subjected to a process of violent denationalization? Does America think it right that France, which is not paying her debts to Great Britain or to the United States, and which has inherited a large part of Germany's transferable wealth and mineral resources, should demand from Germany the immediate payment of impossible indemnities, and that, to obtain those indemnities she should maintain an army of occupation on the Rhine for an indefinite period? Does America consider it to be in accordance with civilization and with the objects

for which she entered the war, that an attempt should be made to enslave Germany economically and politically, and to compel her to shatter her own unity? Can America advance loans, and continue in economic relationships with those countries which are increasing their armies, and which constitute an ever-growing danger to the peace of the world?

If the manner in which the treaties were drawn up has produced these results, cannot America disassociate herself from such deeds, without losing her world prestige or her moral authority?

There are, however, two difficulties.

A great part of what is happening in Europe is not known in America. The horrors of the Rhine and Eastern Germany, the process of undoing the economic and political unity of Germany and the violence of the new States are, to a large extent, unknown in America. There is even a reluctance to assume any attitude whatever with regard to European questions. When a country is invaded by an epidemic, people try to get as far away from it as possible, even abandoning their interests and their business to their fate. Europe, with its immense disorder, appears, to anyone observing it from a distance, to be an infected continent, from which it is best to keep away.

As public opinion in America is not sufficiently enlightened on European affairs, none of the great political parties which are now contending with each other dare to show any interest in the solution of the problem. None the less, the Americans are quite agreed in asserting that the Entente countries must pay their debts; there is no great difference of opinion on this point.

It is a just attitude to adopt. If France maintains the largest army in the world, and develops submarines, aeroplanes, poison gas, and other insidious weapons of war and devastation to an alarming degree, why is she not to pay her debts to America? Why must America contribute, by indirect sacrifices, to the policy of death which is now destroying the life of civilization throughout Europe? The House of Representatives is elected every two years, the President every four years; and the Senate, one-third of which retires every second year, is elected for six years. No party, in these repeated elections, is willing to assume responsibility for the things which are taking place in Europe, or for making any provision for any sacrifice which the American people may consider unnecessary.

None the less, when its public opinion is sufficiently enlightened, America will not for long be able to remain indifferent to the condition of Europe. We shall see that, if the present situation lasts, or gets worse, America will be severely injured economically. Yet this injury is, above all, a moral one, because America cannot evade her responsibility for deeds which have been caused, to a very great extent, by her action. What opinion will resurrected Germany have of America twenty or thirty years hence, when, after having promised Germany a just peace (in order to induce her to make peace and to break her internal resistance), she has not only consented to unjust peace treaties, but has also, by her withdrawal, allowed even those unjust treaties either not to be applied at all, or to be applied in such a way that they have caused additional injustice and irritation?

Considering the problem as a whole, therefore, the

United States will find it not only politically advisable, but even politically necessary, to take an interest in the condition of Europe. If America regards the ruin of Europe with indifference, it will insure nothing but its own hurt and its own decay. The progress of the peoples is obtained only by the existence of great civilizations, by free exchanges among free peoples, by intellectual and economic competition, and by the simultaneous employment of the energies of all. The progressive decline of Europe would mean for America not only the loss of its greatest market, but the loss of all stimulus to progress and the abasement of all moral and intellectual energy.

America is disposed to take an interest in the affairs of Europe, but without becoming embroiled in its numerous controversies. These controversies are all like those which, radiating from Italy, transformed Europe in the fifteenth century; but, unlike them, they are not illuminated by the light of art, although they have the factions, the violence, the internal and external strife, and the continuous insecurity which characterized her predecessors. America can easily make her intervention felt, by placing the debts of the victors and the reparations of the vanquished in the same category, and by proclaiming that she has no intention of according any economic or financial assistance, or any credit, so long as there are black and white troops on the Rhine, and so long as the vanquished, who have adopted free and democratic forms of government, are under absurd control of every kind, and are prevented from producing freely and from expanding, according as their condition and the national temperament may suggest.

If, therefore, America has both a moral duty and a

political interest in adopting an unmistakable attitude on European questions, she can make her action felt without impairing the Monroe doctrine in the least. She can give or not give, concede or withhold her assistance, according to the attitude which each State adopts in the work of reconstruction. A loyal coöperation between the two great Anglo-Saxon countries, the United States and Great Britain, would swiftly restore the world to its equilibrium.

We must now examine the second point. Is it in the interest of the United States to maintain the present ruinous state of Europe, or is it in their economic interest and profit to work for its reconstruction?

There can be no doubt on this question.

Europe has been, and, notwithstanding its disorder, still remains the world's greatest market. The penetration of the Pacific is but a small thing compared with Europe. All the trade of Asia will perhaps be for centuries only a small part of the world's trade. The whole of Asia and of South America are not so important to the export trade of the United States as is Great Britain alone. China, India, and the Dutch East Indies do not import so many things from America as does Italy alone. The restoration of the German market to normal conditions is, for the United States, more vital than the development of the greatest amount of commercial penetration in the whole of Asia. The whole of Africa requires fewer American productions than Holland, and the whole of Australia less than Norway and Denmark.

The 486 million people of the densely populated European continent are, even now, the greatest participants in the world's trade. America had developed her pro-

ductive power to a wonderful degree, but her further expansion is paralyzed by the ever decreasing purchasing power of Europe. In many cases, like King Midas in the fable, she suffers from her own wealth. Her internal markets are glutted, and she cannot expand abroad unless Europe is reconstructed; nor can she intensify her agriculture, or keep all her factories humming, or avoid unemployment. The United States have the greatest economic interest in the restoration of Europe, and they are particularly affected by the present continued insecurity of the European countries, by the collapse of the exchanges, and by the financial straits of Europe.

America, therefore, is capable of exerting great political action, in her own economic interests.

No political action, however, will be possible unless a rapid solution is found for the reparations problem, which is bound up with the debt problem. On this point Great Britain, France, and America have taken up different attitudes, and all three attitudes must be examined without reserve.

The war debts were discussed even during the Peace Conference at Paris in March, 1919. The English delegation presented a memorandum drawn up by J. M. Keynes, who then represented the British Treasury on the Supreme Economic Council. The English Government declared its readiness to cancel its war loans to Russia, France, and Italy on condition that the United States should do the same to Great Britain and the other Entente States. The American delegation to the Peace Conference declared itself willing to accept this proposal, or rather to recommend its acceptance to Washington. The proposal, however, although already accepted by

the other Governments, was not accepted at Washington. The two chief reasons for this refusal were, firstly, the danger that a decision contrary to American public opinion might reduce the strength of the Democratic party; secondly, the opposition shown at Washington, throughout the Peace Conference, to the work which the American delegation was accomplishing at Paris.

It was only in January, 1920, that the question of the war debts was seriously discussed for the first time at London, together with the reparations question. The program of violence which became apparent later (particularly on account of Italy's waverings) had not yet been revealed at that date. It was considered possible that the language of the economic manifesto was inspired by a real insight into facts. After long discussions with Lloyd George and with the leading politicians and financiers of Great Britain, I succeeded in convincing them (though many of them were already convinced) that a just solution of the debt problem and a final solution of the reparations problem could only be reached together, by treating them as two inseparable problems. Reparations and debts are two aspects of one and the same problem—the financial liquidation of the war. It is impossible to reestablish the financial equilibrium of Europe without solving the problems of the German obligations and of the war obligations of the Allies at the same time. It is logical for the Allies not to renounce their German credits until the question of their own debts has also been settled. It was in the same month of January, 1920, that the Chancellor of the Exchequer, Austen Chamberlain, instructed the British financial delegation at Washington to explain to the American Gov-

ernment that a solution of the debt problem was indispensable, both for the financial reconstruction of the victorious Allies and for the solution of the reparations problem itself. The efforts of the British delegation, however, produced no results, owing to the imminence of the election and the fear which the Democrats had of a decision which would not be welcomed by the public opinion in America.

After that, the question of war debts was put aside for a long time, until, on February 4, 1921, the Chancellor of the Exchequer made some important declarations at Birmingham. He asserted that, with regard to inter-Allied debts, the English Government, in order to facilitate the work of reconstruction, was ready to accept any proposal which might lead to total or partial cancelation. The English Government, he said, could not, with any dignity, insist on this proposal, in view of the refusal of the American Government; and he added that his Government, in proposing the cancelation of the debts, was not seeking to obtain any national advantage; that it was willing to cancel a greater sum of its credits than of its debts; and that it was acting solely in the interests of the peoples, in order that credit might be re-established and international activity renewed.

While Italy was concerning herself with the debt problem, and was maintaining that a clear understanding was necessary, France was insisting on reparations; but she also showed herself ready to consider that it was best to ignore the debts.

The financial situation and the economic situation of the European States generally, which had become worse by the end of 1921, induced the Entente countries to

reconsider the problem. This was brought to a head at London in December, 1921. The French representative, Loucheur, showed that he was convinced of the necessity for a final solution of the reparations problem. He presented a scheme which was divided into two parts. One of these dealt with the payments for the months of January and February, 1921, the other dealt with plans for the future. In order to make the impending payments, the German Government was to have surrendered a number of shares in industrial companies, by means of a capital levy of 25 per cent., payable in shares. It ought, therefore, to have confiscated one-fourth of the shares of every company, and to have handed them over to the Entente, i.e., practically speaking, to France. Germany had, however, the right of buying back the shares within a year. But this right was purely hypothetical, because economic and financial conditions did not allow Germany to make this repurchase. The whole scheme was, in fact, only a plan for completing the dismemberment of Upper Silesia and the perpetual threat to invade the Ruhr. This plan, it was thought, could be accomplished without any effort, merely by acquiring one-fourth of the shares of all the industrial companies, i.e. by acquiring the most important point of vantage in Germany. Thus the policy of monopolizing and damaging German trade would be completed, because her chief industries, especially the iron and metal trades, would fall under the control of France. Modern history records no schemes comparable to these, which, to speak plainly, are nothing but a repetition of that spoliation of the lands of the vanquished which used to be practiced in remote

antiquity. Great Britain, naturally, immediately announced that she would not consent to a scheme of this nature.

Loucheur's plan for the future was based especially on the mobilization of Germany's credits. When stripped of its exaggerations, which aimed at injuring Germany, it was acceptable on some points. In this scheme, as in the other, France assigned herself priority of payment.

Even in September, 1921, the Italian delegate, Francesco Giannini (who has always shown himself really competent, and possessed of a spirit of moderation), and the British Financial Controller, Sir Basil Blackett, had formulated a scheme worthy of serious consideration, and based on payment of reparations and debts in a lump sum, and not according to the separate reckoning of any one of the Allies.

In accordance with this scheme, Germany was to accept the obligation of paying, as part of the reparations, all the inter-Allied war debts. This obligation was to depend on such real demand for payments as should be made by the Allied Governments to the defaulting Governments and on the amount for which payment should be demanded. If Germany would accept these conditions, the amount of her reparations was to be reduced by a sum equal to the amount of the inter-Allied war debts. Without entering into the technical details of the scheme, and even while making reservations on certain points, one must acknowledge that this was the first intelligent and reasonable attempt to arrive at a solution of the problem.

At the Financial Conference of London in March, 1922, the Giannini-Blackett scheme was discussed by the

ministers of finance. The Italian Government announced that it accepted the scheme in its entirety, and that it therefore adhered to the following principles:

(1) The outstanding debt due by Germany for reparations was to be divided into two categories. The first, representing the total amount of the war debts, was to represent a conditional obligation, which was to be paid if and when the payment of the interest on war debts was demanded by the Government of any creditor-State from any debtor-State. The second was to represent a balance to be divided among the Allies, in accordance with the arrangements made at Spa and subsequently.

(2) The amount to be paid by Germany in reparations was fixed approximately at 110 milliards, of which 65 milliards were allotted to the first category, and 45 milliards to the second.

(3) Each creditor-state was to be left free to state at once in what manner it wished its share of the sum allotted to it in the second category to be paid. Germany was to pay within five years any share for which cash payment was demanded. The money was to be raised by means of loans.

At the Genoa Conference, as France had secured a decision that even war debts and reparations should be dealt with "without compromising the existing treaties," all discussion was confined to a few minor matters.

In Great Britain, consideration of the reparations question has reached a sufficient stage of maturity; broad-minded ideas prevail, and people are disposed to accept renunciation to a large degree. Lloyd George's personal opinion is that the best solution is to be found in an immediate and unconditional cancelation of the English

loans, independently of whatever attitude America may adopt. This is also the opinion of the big English financiers and bankers, who rightly see in reparations and inter-Allied debts the greatest obstacle to the resumption of European trade. Many English manufacturers and politicians stand for cancelation on condition that France, Italy, the minor Allies, and Germany repay Great Britain at least such part of her credits as shall cover the amount which she has to pay to America. Some politicians, including the Chancellor of the Exchequer, have declared their opinion that America's decision must be awaited before any cancelation takes place. The Federation of British Industries—a formidable organization from both the political and economic points of view—while acknowledging the value of a complete liquidation of war debts, even if America were included in it, considers that isolated action on the part of England would not confer any advantage equal to the sacrifice. It is therefore favorable to cancelation of debts only if compensation be made for them. The debts, it maintains, ought to be canceled only if compensation is offered, and only after a reasonable solution of the German reparations problem.

The English point of view was clearly stated in a letter sent by Lord Balfour on August 1, 1922, to the States indebted to Great Britain. Germany, according to the agreements, owes Great Britain 1,450 millions sterling in reparations. Russia owes debts of 650,000 millions, and the Allies—France, Italy, Rumania, Portugal, Belgium, Greece, Jugoslavia, etc., owe Britain 1,300 millions. Great Britain owes the United States 850 millions, i.e. a quarter of her total credits. The letter stated that the British Government had not yet demanded

any of its credits, and that it was ready, if its renunciation were to lead to a satisfactory international settlement, to cancel all sums owing to Britain, whether in loans from her Allies or in reparations from Germany. The British Government was also prepared to pay its debts to America; but it could not pay them without modifying the line of conduct which it would have wished to follow in different circumstances. If Great Britain had more credits than debts, and if all war debts were paid, the British Treasury would gain considerably by the transaction. The loans, however, had been advanced, and the debts contracted, not for the separate advantage of individual States, but for one great object common to them all. The great event of victory could not be considered from the monetary point of view, nor could it be torn from its historic surroundings and considered as a commercial contract between commercial borrowers and capitalist money lenders.

On the other hand, the letter pointed out that the evils from which the world is suffering cannot be dissociated from the question of debts and reparations, which are having a serious effect on credits, exchanges, national production, and international trade. But it was not right that one of the partners in the common undertaking should get back all its loans and that another, while receiving nothing back, should be asked to repay its loans. The British people, on account of the war, was enduring unparalleled taxation. Its national wealth had diminished enormously, and there was a great scarcity of employment. The British Government must therefore regretfully request its Allies to fulfil their

obligations. If, however, the Allies were prepared to renounce their credits, the British Government was ready to do the same. It was also willing to renounce its share of the German reparations, and to cancel the whole of the inter-Allied debts at one stroke of the pen.

The letter further stated that the British Government, for reasons of justice and necessity, did not suggest that Germany, which, as a result of the war, had become the greatest debtor-State in the world, should be released from its obligations. But it solemnly affirmed that it was, for its part, profoundly convinced of the economic injury inflicted on the world by the existing state of affairs; that Great Britain would be prepared, subject to the lawful demands of other parts of the Empire, to abandon all future claims to German reparations and to repayments by the Allies, provided that this project should form part of a general plan, by means of which the grave problem would be considered as a single whole and a satisfactory solution would be found. A general pardon would bring greater benefit to humanity than any gain which might possibly accrue from a more favorable fulfilment of legal obligations.

This document is an historical fact of great importance. It is a credit to the British Government, and the noblest manifesto since the war. Great Britain, with much delicacy, has not wished to place the renunciation of British credits before the eyes of the United States as an accomplished fact; but, at the same time, it has pointed out the only path which can be followed, the only path which leads to reconstruction. The War Minister, Sir Lamington Worthington-Evans, who is an undeniable financial authority, took part in the drawing

up of the letter, and supported it with all the weight of his acknowledged authority.

On August 3, 1922, Lloyd George made some statements of great interest in the House of Commons. He showed that he was convinced of the danger of driving Germany to extremities, and that Great Britain will always oppose any proposal which might have the effect of increasing the disorganization of Europe.

In spite of the position taken up by Great Britain, France has not changed her attitude, nor altered any of her opinions on the subject of German reparations. France stands by the Treaty of Versailles and by the Reparations Commission. For reasons entirely political and military, she hopes to turn to her own advantage the economic and financial chaos which the policy of the Entente and the action of the Reparations Commission have brought to pass in Germany. Some French proposals, such as those advanced at London by Loucheur, aimed directly at starting the confiscation of the private property of the Germans, for the benefit of the capitalists and manufacturers of the victorious countries, especially those engaged in the iron and steel trade. France has also shown, on several occasions, that she is ready to carry out her anti-German program to the last comma, even if she is left isolated and is compelled to break away from England. On the other hand, as I have often stated, she considers that inter-Allied debts should be canceled, although she has not yet paid any interest on her debts, and at the same time demands enormous sums from Germany in reparations.

The United States have not up to the present shown any settled opinion on these grave problems, which con-

cern the life of the whole world. It may be that, since the time when they drew apart from European questions as a result of their refusal to ratify the Treaty of Versailles, they do not want to reënter the fray, and have no intention of contributing to the reconstruction of Europe unless they are certain of fulfilling the task thoroughly, and of producing substantial results. America, although she is wealthy and powerful, feels the deep distress of Europe. If she is unwilling to become entangled in European politics, on account of the unhappy proceedings which have led to a violent peace, she yet, like all countries which are great producers, needs a real peace and a return to normal conditions. The United States have so far shown little inclination to favor the cancelation of their credits, together with British credits; they have, in fact, shown themselves opposed to the idea. The Secretary of the American Treasury has repeatedly informed the Senate that he does not consider that the United States are in any way bound to adopt proposals for cancelation; that he is not prepared to accept German Reparations Bonds as substitutes for the sums owing by countries which are in debt to the Federal Treasury; and that he wants to arrange with each country separately the complete settlement of the debts and the interest on them, taking into account the economic and financial condition of each one individually. He has even expressed his belief that there will be no objection on the part of any of America's debtors to recognize in full the sums which they now owe to the Federal Treasury, whether in interest or in capital.

Several considerations have contributed to the formation of a state of mind unfavorable to the cancelation of

inter-Allied debts. In the first place, while the victorious countries of Europe talked about cancelation of debts on the part of America, they, on their own part, and especially on the part of France, assumed an attitude of the bitterest violence against Germany, from whom they demanded the last drop of blood which the treaty allowed them to take, and even that which the treaty did not allow. At the same time, the division of Europe into the two more and more sharply divided camps of victors and vanquished, the maintenance of large standing armies which even continued to grow in size, raised the suspicion that cancelation would lead to nothing but increased disorder.

There were in addition certain economic considerations. Italy is a debtor-country, and has no foreign credits. On the other hand, Great Britain, even after the war, still has from fifteen to twenty million dollars invested abroad; France has at least 40 milliard francs in foreign investments, and, instead of adopting a policy of retrenchment and of putting her finances in order, is making fresh investments every day, in order to further her 'expansion in foreign countries—in Poland, in the countries which have been constituted out of Austria-Hungary, in Turkey, and in all the Balkan States.

The United States have not demanded territorial concessions, colonies, indemnities, or privileges, but the victorious European States are claiming reparations for damage. If America were to renounce all compensation for reparations, while the other countries renounced nothing, she would not be able to cancel her credits without producing an absurd situation—that is to say, the United States, after sustaining very great sacrifices, after

renouncing all territorial gains, would have to pay for everything. In addition to their war expenditure, all the loans which they renounced would have to be included in their outstanding debts.

If these are the liabilities of renunciation, what are its assets? It is said that money has been well spent in destroying militarism. On the contrary, militarism is today more alive and more dangerous than ever, and the imperialist designs which used to be attributed to Germany have been put into actual practice by some of the victors. When Germany won a war, she never committed the horrible and wicked deeds which have stained the victory of the Entente.

The greatest argument against cancelation, however—and one which America does not confess—is that the United States, although they know that they must inevitably renounce their credits at some future date, do not want to do so now. They know that they possess a weapon which can affect the fortunes of Europe, and bring about a real peace and general economic reconstruction.

As we have already seen, the economic reconstruction of Europe is, for the United States, not only a moral problem, but is also in the interest of American production.

The most intelligent men in the United States consider it harmful to their country, and to the cause of peace, to advance credits of any kind whatsoever to Europe, because every advance of credit prolongs the present situation.

The prolongation of the present situation not only insures the continuance of the present distress and in-

creases the prevalent hatred, but makes reconstruction more difficult. Yet, in her own interests, America must not act too slowly, unless she wants to see the complete ruin of Germany, and, as a consequence, the complete collapse of the economy of Europe.

Europe will have no peace so long as a single foreign soldier treads the soil of the defeated countries, or so long as armies of occupation and devastating hordes, disguised as Commissions of Control or as Reparations Commissions, continue the shameless *curée*, which is the greatest disgrace of our time. The victorious Germans never committed deeds like those which have been committed against them in the four years which have elapsed since the war. The acts of cruelty alleged against the German officers—as if all parties did not commit such acts during the war!—and which were to be judged by tribunals of the victors (a scheme which I opposed throughout at Paris and London, and for which I helped to find a reasonable solution in the Leipzig tribunal), are a small matter compared with the errors which have been committed on the Rhine. The Germans were victorious in 1815, and the inter-Allied occupation of France by Russia, Germany, and England lasted two years. The Germans were victorious in 1870, and their occupation lasted but a few months. They have never demanded the horrible things which the troops of the Entente have demanded. An occupation on a large scale is a disgrace and a scandal; an occupation which grows instead of diminishing, and which has already lasted for four years, is a new and abominable deed.

America, therefore, if she intervenes in European questions, cannot do otherwise than accept the British

point of view that there should be an end to occupation and control of any kind, an end to every kind of interference by the victors in the affairs of the defeated States, and a complete reëstablishment of the liberty and independence of every nation. Great Britain is already prepared to renounce all her loans and everything that may accrue to her from the reparations, in order that Europe may find again the path of peace. Italy would willingly renounce her share of the reparations, if she could be set free from her debts to the other Entente Powers. Only France is left. She is the debtor of the United States and Great Britain to the extent of about 35 milliard gold francs. Can she expect that the German reparations will ever reach this figure? The illusion that France must, by means of a ruthless occupation, demand indemnities from Germany, and that at the same time Great Britain and America must cancel the French war-debt, is both injurious and immoral. The whole of American public opinion would revolt against this violation of morality and of civilization.

There is nothing to do, then, but to shatter the chain of errors and of violence. America must exert economic and moral pressure in order that Europe may be reconstructed on the grandest possible scale. She can impose peace, as she imposed victory.

History will one day render justice to Great Britain. She accepted war without hesitation on the very day on which Germany violated Belgium and invaded France. It was she who, by imposing the maritime blockade and enduring the greatest sacrifices, produced that state of famine in Central Europe which prevented a victory which was considered inevitable by nearly all the mili-

tary experts. It was she who put forth the greatest effort and provided all the Allies with the means of holding out longest. But Great Britain has acted even more nobly since the war by showing her readiness to make the greatest concessions in the cause of peace and of the reconstruction of Europe.

America, for the sake of the glory of the Anglo-Saxon race and of its prestige throughout the world, cannot do otherwise than accept the British view resolutely. There must be a loyal coöperation between the United States and Great Britain, in order to prepare that resettlement of Europe without which ruin will be piled upon ruin, new wars will arise, and Europe, to the great detriment of the civilized world, will sink to the lowest depths of degradation.

A general cancelation of the debts and reparations of the victors and the vanquished, an immediate renunciation of all military occupations and of the control of the internal affairs of Germany and the other defeated States can swiftly transform the situation. America, especially if she coöperates with Great Britain, has all the means for imposing peace. In future years, in a less degraded period of civilization, it will be a much greater glory to have done that than to have been the decisive factor in victory.

The mere elimination of all causes of strife would bring about the rebirth of credit, the resurrection of confidence and the renewal of production.

The only objection which can be made to this program is that the cancelation of debts and the renunciation of reparations would place Germany in an advantageous position. But Germany is in so depressed a condition

that she will need a long struggle before she can rise again. On the other hand, if Germany is restored to her freedom, there is nothing to prevent her from pledging herself to fulfilling the task of reconstructing the devastated French territories. She could also be required to supply a certain quantity of coal to Italy, who, in proportion to her economic resources, bore the heaviest burden of the war, and yet has received no corresponding benefits. Germany has repeatedly offered to undertake the reconstruction of the invaded French territories and to compensate Belgium—on whom, by the way, considerably less damage was inflicted than the press has led the people to believe. Italy, for her part, even though her resources are of modest proportions, has with great sacrifices already reconstituted her invaded territories, without waiting for reparations, to which (to her credit) she has not attached an excessive importance.

America's problem is quite simple. Is it to her advantage, or to the advantage of her people, that the present state of affairs should be prolonged, and that she should lose the greatest purchasing market that there is in the world? Can the present crisis, from which America is already suffering, be tolerated for long without serious injury? Would not the slight sacrifice which the American citizens would have to make by a renunciation of credits be largely balanced by an increase in political prestige, and, above all, by the restoration of economic activity?

The most important link in the chain of international obligations is not the right of the creditor, but the position of the debtor. America surely cannot regard without anxiety the deterioration in the condition of her

European debtors, and still less the continued restriction of their power of consumption. The prosperity of Great Britain and, to a great extent, the prosperity and further development of the United States, are indissolubly linked with the prosperity of Europe; and the prosperity of Europe depends fundamentally on the development of Germany and Central Europe.

The question now revolves in a vicious circle. America and Great Britain are asking France and Italy to pay debts and interest which they cannot pay. Great Britain, France, and Italy in their turn are, by means of the shameless operations of the Reparations Commission, asking Germany to pay sums which she cannot pay by any effort whatever. Meanwhile, the whole of Central Europe is collapsing, the economic stability of the countries of Europe is evaporating, and hatred is stirring up new military adventures, sharpening ancient jealousies, and giving birth to new jealousies.

Germany has been subjected to the cruelest torture, and, from the armistice to the end of August, 1922, in addition to the surrender of her transferable wealth, she has paid 8,400 million gold marks—1.54 millions in cash to the Reparations Commission; 600 millions (expressed in terms of gold) in paper marks; 3,200 millions by the surrender of ships and coal, and by other payments in kind; 2,500 millions as representing the value of State property handed over to Poland, Czecho-Slovakia, etc.; 560 millions as the value of the Saar mines, etc. These payments in money and in kind have been made only by the greatest efforts and the severest sacrifices. The sums which have been paid have disordered Germany's currency and deranged the country, and have been practically

swallowed by the expense of maintaining the army of occupation on the Rhine—an expense which was at first enormous, and which was subsequently reduced, not because of any moral scruple, but because the victors themselves were afraid that they would be unable to draw anything more out of Germany, and that they themselves ought therefore to undertake the cost of maintaining their armies. The whole action of the Entente is distinguished not only by the evil which it has produced, but by the uselessness of that evil, for the victors are obtaining no advantage from Germany's ruin, and are only bringing ruin nearer themselves.

Germany emerged from the war in an exhausted condition, and the violent peace has eaten away all her remaining strength.

Germany's investments in the victorious countries have been sequestrated and confiscated. Her investments in neutral countries had already deteriorated in value, and the stock of food and raw materials was exhausted during the war. Immediately after the armistice Germany had to part with her gold in order to obtain absolutely essential supplies. At least five milliards were expended on buying food for the starving nation. Germany has been able to raise the sums which she has paid only by selling marks to an enormous extent. Since the war her commercial balance sheet shows a fearful deficit. No one will lend money to Germany, because everyone knows that the loans would only go to swell the reparations fund. Consequently, the fall of the mark has become so great that it has surpassed even the most pessimistic expectations. No illusion has been more ridiculous and more idiotic than that of the victorious countries and of the

cynical and ignorant Reparations Commissions, in wishing to sell German securities in America, to help the reparations fund. If America had accepted them, she would, on account of the insolvency of the debtor, have done a bad piece of business, and, at the same time, she would have done a bad action, because she would have become involved in the responsibility for Germany's servitude.

Germany is now entering the ranks of those bankrupt countries whose resurrection can only be obtained by studying a special method of economic reconstruction. Every further torment inflicted on Germany serves only to destroy the life which still remains, saps more and more the productive power of the most industrious people in Europe, and thereby curtails the expansion of every industry, and seriously injures America.

This is not a time to make projects or to lay down programs. One can only say that Germany needs immediate help and that her complete collapse would shatter the whole economy of Europe. America alone can provide the driving-power which is essential to reconstruction. Isolated action by Great Britain can only cause further jealousy in France and produce that state of mind which is not the most favorable to peace. The fact which stares us all in the face is that we are rushing towards ruin, and that there is not too much time to begin the work of reconstruction, if we do not want to begin too late.

Cancellation of debts and credits, renunciation of all military occupation and of all control, and abandonment of the so-called reparations policy—this program satisfies the immediate demands of the life of the world.

The fall of the reparations policy will necessarily involve a revision of the greatest absurdities of the peace treaties. The cession of the Saar, the Dantzig Corridor and its problems, the cession of Upper Silesia to Poland, the exclusion of Turkey from Europe, the torture of Hungary, and the isolation imposed on Austria (which cannot exist alone) are aberrations which will quickly vanish when the present reign of violence has been closed and when there can be free discussion between free peoples.

The League of Nations, as at present constituted, has no moral prestige, or even any credit. It is an absurdity to guarantee the state of facts created by the existing treaties. If the United States, however, as a condition of their entering the League, will demand the immediate admission of all nations (including the vanquished) and the modification of Articles 5 and 10 of the Covenant of the League, which deprive it of all sincerity and of all prestige, the League of Nations will be able, better than anyone else, to revise the gravest errors contained in the treaties. Revision could be achieved without violence, and without destroying the existing treaties. Revision is all the more necessary in that the victors themselves are now living in a state of perpetual uncertainty, humiliated by their own violence. No one can believe their words, which invoke justice, liberty, and democracy. After what has happened on the Rhine no one imagines that the Germans can be called barbarians.

When France was attacked in 1914 Great Britain at once brought her enormous power to her aid. Russia contributed her multitudes of men, and Italy, carried away by a wave of enthusiasm, did not delay in placing

herself at the side of France; and, finally, America contributed the tremendous weight of her riches and her armies. Can France imagine that the same thing would happen in the future! Does she think that she can continue to dominate Germany by violence? Of what value are the fragile edifices of Poland and Rumania? Will disorganized and disunited Poland be able to prevent for any length of time that which is necessary and inevitable—that Germany and Russia should work together for the good of the whole of Europe, and that Germany should carry into Russia the wonderful force of her workmen and of her technical experts?

There are no remedies to be proposed; there are only situations to be brought about. The abandonment of all financial and military control, and the unimpeded renewal of every activity will produce a state of mind which will permit the free resumption of relations with Russia. However detestable Bolshevism may be, it has had the merit of resisting the European plutocracy, which demanded the subjection of Russia to financial interests and financial groups, and which dared to demand that a European country should submit to what was practically a system of Capitulations. With the aid of a Germany restored to liberty, the Russian problem will lose a great deal of its difficulty, and the Mohammedan problem a great deal of its danger. An economically ruined Germany is, as Vanderlip has said, a terrible danger. An Eastern Europe in continual convulsions is also an ever pressing danger.

When the burden of armaments and of armies of occupation has been removed the need for large economic unions will be inevitably felt. I have already suggested

the idea of uniting in one customs union all the States which have inherited any of the territory of the Austro-Hungarian Empire, viz. Italy, Hungary, Czecho-Slovakia, Poland, and Jugoslavia. They would form a vast "Zollverein" of about 120 million people. We have already noticed how there has been a continuous destruction of wealth owing to the prevention of large industries and of trade on a large scale. Disorder reigns throughout the whole vast territory of the former Austro-Hungarian Empire. Big industries are paralyzed, and new industries are struggling in vain to live under the shelter of Protection. Trade is sinking more and more; harbors are abandoned, and their vast plant is now but a reminder of past glories. This systematic destruction of wealth can end only when extensive customs agreements are arranged; and customs agreements can only be brought into existence when politics in general take a different direction.

Peace and war are two states of mind. Up to the present, the peace, as Clemenceau has said, has been used only as a method of continuing the war. Is it possible to bring into existence a state of mind which will lead to a real peace?

Real peace is not possible so long as the present system of reconstruction, or a policy of destruction. The idea of or so long as we persist in depriving Germany of real independence, or so long as, after having ruined her, we persist in taking from her her uttermost farthing, in violation of all pledges. Europe is torn by a sharp spiritual conflict, which has been engendered by a policy of hatred and aggravated by a policy of plunder. She wavers between a desire for safety and a fear of fresh

perils. She no longer has the courage to adopt a policy of reconstruction, or a policy of destruction. The idea of annihilating the vanquished is now being revealed as the greatest danger with which the victors are faced; and the complete disorder of the economic life of the Continent has caused illusions to vanish and is raising the spectre of a more terrible morrow for a continent which is becoming poorer and poorer and more and more disordered. After all the ruins which have been piled up by the peace, the work of reconstruction stands out as an absolute necessity for the very existence of the victors. Great Britain has had the honor of uttering the first great word of truth; but America alone can transform that word of truth into swift and firm action. The people which accomplishes this great task will acquire in the world a prestige which will be vastly superior to any which can be conferred by wealth, by continued success, or by an unbroken chain of victories.

NOTE ON EUROPEAN ARMIES AND ARMAMENTS

It is very difficult to say exactly what is the state of the armies of Europe. In almost all countries, Bills dealing with the organization and recruitment of their armies have been placed before the various Parliaments. The character of these Bills has caused lively discussion, and they have not yet been passed. In many countries the work of Parliamentary Commissions proceeds slowly, and some hold back their estimates until they know the estimates of their neighbors and of States which are stronger in military matters. Military budgets, which used to be the chief sources of information, have been treated in a very summary fashion, and do not provide sufficient particulars. Many of them, indeed, no longer state to what branch of the service the men called to the colors are allotted. Since the war many countries have established a new military organization. These rearrangements, however, perhaps because they were drawn up too hurriedly, have only been put into partial operation, and in some cases have not been put into operation at all. In fact, the almost common characteristic of the new military laws of the post-war period is that they do not fix in any precise or lasting way the number of the large units or the small units, the assignments, etc. This is quite contrary to the custom in vogue up to the year 1913.

According to the latest information collected by the League of Nations, and according to the most reliable official publications, the military strength of the various European States at the most recent date is as follows:

ALBANIA.—10,772 men, including the police. *Authority*.—Letter of the War Minister to the League of Nations on May 23, 1921.

AUSTRIA, according to the Treaty of Saint-Germain-en-Laye, can have 30,000 men (1,500 officers, 28,500 other ranks). In actual fact, she has scarcely 20,000 men, on account of her financial

difficulties. The treaty also lays down that the numbers of the police, the customs officers, and the *gardes forestales* must not exceed the number of men engaged on similar work in 1913, and who now serve on the Austrian territory as fixed by the peace treaty.

BELGIUM.—5,348 officers, and 113,500 other ranks. *Authority*.—Budget of the Ministry of National Defense for 1921.

BULGARIA.—On June 16, 1922, 1,511 officers and 10,157 other ranks, i.e., considerably less than the 20,000 men sanctioned by the Treaty of Neuilly; in addition, 10,000 police and 3,000 customs officers. *Authority*.—Note from the Bulgarian Government to the League of Nations.

CZECHO-SLOVAKIA.—11,123 officers and 138,086 other ranks. *Authority*.—Budget of the War Minister for 1921. The personnel of the Central Administration for War is not included in these figures, or they would reach 150,000 in round numbers.

DENMARK.—768 officers and 7,000 other ranks. *Authority*.—For the officers, the army list for 1922; for the other ranks, the parliamentary discussions for 1921. The effective strength, as laid down by the law of 1909, would be between 10,000 and 11,000.

ESTHONIA.—15,000 officers and men. *Authority*.—Letter of the Esthonian Government to the League of Nations, dated July 8, 1922.

FINLAND.—1,531 officers and 17,281 other ranks, excluding 326 officials on the military staff. At the time when Finland was admitted to the League of Nations the Finnish military delegate declared that, in addition to the regular army, there are in Finland 100,000 equipped men—a military organization which constitutes a true National Guard. *Authority*.—Letters from the Finnish Minister for Foreign Affairs to the League of Nations on June 12 and July 10, 1922.

FRANCE.—38,700 officers, 690,000 other ranks on January 1, 1922. This total is made up from the following classes—100,000 regular soldiers, 375,000 men of the yearly levy, 205,000 colonials and natives of North Africa, 10,000 foreigners. Of these 690,000 men, 150,000 are allocated to the armies of occupation, 205,000 are in the colonies and 335,000 in France. *Authority*.—Statement by the Government to the League of Nations on June 30, 1922.

GREAT BRITAIN.—415,000 troops and 178,800 colonials, made up as follows: 111,300 in the regular army, 190,000 Territorials; 8,600 British-born and 5,800 colonials in the colonies; 12,700 British-born and 20,000 natives in Egypt and the Sudan; 72,000 British and 145,000 natives in India; 2,000 British and 8,000 natives in Iraq; 17,800 on the Rhine and in countries submitted to a referendum. *Authority*.—Statement by the British Government to the League of Nations on July 24, 1922.

GERMANY.—4,000 officers and 96,000 other ranks, in accordance with Article 160 of the Treaty of Versailles. In accordance with the Spa protocol, 200 veterinary officers and 300 medical officers have been allowed. These figures do not include the police, the customs officers, or the *gardes forestales* who, by Article 162 of the Treaty, must not exceed in number those engaged on similar work in 1913. The estimates for 1921 (Volume I, page 130) provide, under the section *Für zwecke polizeilichen Schutzes*, for a police force of 90,390 men. According to a statement of the French Government, the *Schutzpolizei* has an effective strength of 150,000 men.

GREECE.—State of war: very large army, even after the reverse in Asia Minor.

HOLLAND.—About 21,000, including 1,813 officers, in 1920. On April 1, 1921, there were 8,919 volunteers (including 1,104 special constables), and 8,973 militia in training. *Authority*.—National Budget for 1922.

HUNGARY.—1,750 officers and 33,250 other ranks, as laid down by the Treaty of the Trianon. These figures do not include the police. Article 107 of the treaty lays down that the number of police, customs officers and *gardes forestales*, etc., must not exceed the number of men employed on similar work in 1913, in the territorial limits as fixed by the treaty.

ITALY.—13,711 officers and 175,000 other ranks, according to the standard laid down by the Army Act of 1920. Colonial troops and battalions on foreign service are not included. In addition, there are 60,000 *Carabinieri*, with 1,291 officers; 30,000 *Guardie Regie*, and 30,000 custom officers. *Authority*.—Estimated expenditure of the War Ministry for 1922-3.

JUGOSLAVIA.—8,132 officers and 144,223 other ranks. The

number of officers does not include 124 military officers at the War Ministry, but includes 4,951 pupils in the military schools. *Authority*.—Balance-sheet of the War Ministry for 1920-21.

LETTLAND.—19,500 officers and men. *Authority*.—Statement by the Lettish Government to the League of Nations, dated August 5, 1922.

LITHUANIA.—30,000 officers and men. Reliable information is, however, lacking. In a letter of May 25, 1922, the Lithuanian Government informed the League of Nations that its army was still on a war footing, and that it did not therefore consider it expedient to set out the state of its armed forces in official publications. On July 13, 1922, it stated that an army of at least 30,000 men was essential to ensure the national security.

NORWAY.—1,039 officers and 3,200 other ranks in the standing army, and 17,446 recruits. The length of the recruits' course in Norway varies from 48 to 102 days, according to the branch of the service, except that it covers 18 days in the case of engineers, 188 days for the Guards, and 204 days for the artillery. *Authority*.—Army and Navy List for 1921, and military balance-sheet for 1922.

POLAND.—18,377 officers and 275,367 other ranks. *Authority*.—Letter of the Polish Government to the League of Nations of June 28, 1922.

RUMANIA.—11,680 officers, 3,917 officials of the War Ministry, 16,466 professional soldiers, and 164,846 other ranks. The last-mentioned figure includes 4,846 pupils in the military schools. *Authority*.—Balance-sheet of the War Ministry for 1921-22.

RUSSIA.—According to the League of Nations, there are 698,615 men under arms in Russia. The British Government, in a report of July 24, 1922, gave the figure as 1,267,000, but this estimate lacks confirmation.

SPAIN.—12,242 officers and 153,052 other ranks in the home army; 757 officers and 15,369 other ranks in the *Carabineros*; 1,069 officers and 22,828 other ranks in the Civic Guard; and 2,775 officers and 63,655 other ranks in the Moroccan Expeditionary Force.

SWEDEN.—2,662 officers, 16,442 National Volunteers, and 551 military officials. There were also 32,000 recruits in training. *Authority*.—Swedish Statistical Annual for 1921.

SWITZERLAND.—194 instructors, 47 permanent officials, 19,619 soldiers, and 226 volunteers. Switzerland has no real standing army, with the exception of a corps of 241 instructors and of the Garrison Artillery, composed of 226 permanent gunners. The recruits' course varies from 65 to 90 days, according to the branch of the service.

TURKEY.—State of war in Asia, and of inter-Allied occupation in Europe.

We find from these figures that France, Belgium, Poland, Rumania, Yugoslavia, and Czecho-Slovakia together have a larger army than was possessed by Italy, Germany, Austria-Hungary and all the other European States (except Russia) before the war.

The League of Nations (September, 1922) has collected a number of data on military expenditure in 1913 and in 1920-22. The temporary Mixed Commission for the reduction of armaments appointed by the League of Nations has directed part of its inquiries to the present state of armaments.

Examining these data, we find that, with few exceptions, military expenditure is very high in every European State. Comparison of the various expenditures is difficult, on account of the unstable condition of the currencies.

There is, however, an enormous increase in expenditure in nearly every case.

It is not possible to compare the expenditure of 1913-14 with the present expenditure without making lengthy calculations, both on account of the changes in boundaries and of the changes in the value of currencies.

In almost all countries which have emerged from the war the increase in public expenditure of all kinds is so great that the military expenditure is not proportionally greater as compared with the total. Debts, and interest on debts, have assumed tremendous proportions.

According to the figures collected by the League of Nations, there are now 3,780,953 men under arms in Europe. France has the largest army, with 760,439 men. Russia comes next, with 698,615 men. Military expenditure, in proportion to the population, is greatest in Yugoslavia and France.

It is, however, difficult to make comparisons, because in some countries (as in Italy) the military balance-sheet includes the expenditure on the navy and on the police force, e.g., the *Carabinieri* in Italy.

The development in the study of scientific methods of warfare is enormous in France and some other countries. Aviation, too, is undermining the foundations of naval warfare.



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